



# Making Government Better

for the people of  
South Carolina

**The South Carolina Budget and Control Board  
2007-2008 Annual Accountability Report**

# A Diverse Agency. A Single Mission. Making Government Better for the People of South Carolina.

## Executive Summary

The purpose of the Budget and Control Board is to help state and local governments serve the citizens of South Carolina. This goal is embodied in our vision statement: “We Make Government Better.” Setting goals, measuring progress and constantly seeking to improve the services we deliver is how we achieve that mission.

Our services directly touch hundreds of thousands of educators, police officers, firefighters, health professionals and other public sector employees in all 46 counties. Board services to the public sector include health and property insurance, retirement benefits, management of real property, coordination of state purchases, assistance in financing local water and sewer infrastructure and management of the state’s information technology backbone. *The* Board also works collaboratively with elected officials and the non-profit sector to provide crucial information for public policy development.

During the past year, the Board:

- Saved state and local agencies \$30.2 million annually by cutting the rates for telephone, data, fleet, procurement services and property and liability insurance.
- Saw its Office of Human Resources ranked as one of the

Chris Vinson raises the United States and South Carolina flags atop the State House.

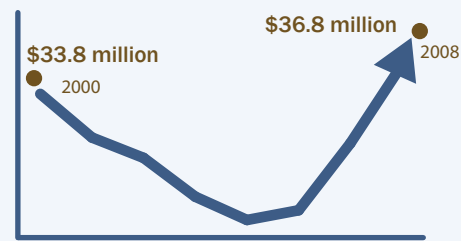


four best in the nation and called a “model for other state agencies” by the Pew Center on the States in a comprehensive review of all 50 state governments.

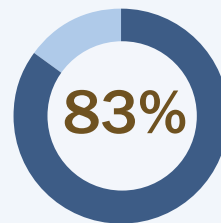
- Successfully implemented the enterprise resource planning software for the first group of state agencies as part of the SCEIS project to transform the back-office functions of government.
- Was successful in defending against litigation that would have cost the state more than \$1 billion in expenses and potential lost revenues.
- Implemented legislation providing an automatic cost-of-living adjustment of up to 2 percent for eligible retirees and an increase in the assumed rate of return on investments to 8 percent from 7.25 percent.
- Implemented landmark legislation establishing and financing a new trust fund for retiree health insurance costs.
- Used our state-of-the-art mapping technology to help counties ensure that voters were registered in the proper voting district.
- Assisted the Governor and the General Assembly in a comprehensive review of Board programs.
- Served as a leading force in a partnership that will enable South Carolina’s medical community to share electronic health records.
- Began preparations for the 2010 U.S. Census by training local governments to make sure the count is accurate in their communities so they can maximize federal aid.
- Launched a new online site for state job seekers that boosted the number of people applying for positions with state government.
- Through the S.C. Energy Office, joined the state’s utilities in creating Palmetto Clean Energy which allows consumers to fund renewable energy projects through tax exempt contributions.
- Expanded the S.C. Confederate Relic Room and Military Museum. The museum set attendance records during 2008.
- Continued to deliver high-quality services with a staff that is smaller today than it was eight years ago.
- Achieved 171 percent of the agency’s goal for purchasing from minority contractors as established by the Governor’s Office of Small & Minority Business Assistance. The agency’s minority purchasing has grown for three consecutive years.

## S.C. Budget and Control Board

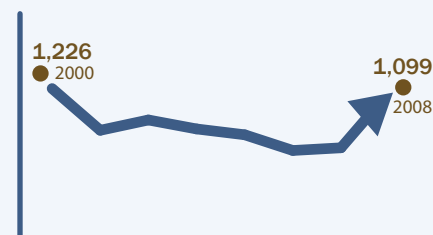
### Budget and Control Board Recurring General Fund Budget



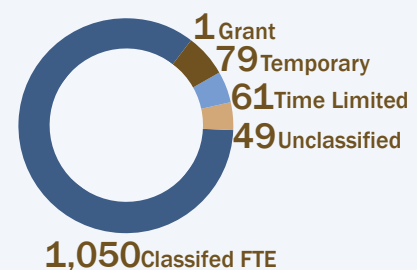
### Budget from Sources Other than the General Fund



### Number of Permanent Budget and Control Board Employees



### Budget and Control Board Employees by Category





**Governor Mark Sanford**  
Chairman



**State Treasurer**  
Coverse A. Chellis, III, CPA



**Comptroller General**  
Richard Eckstrom, CPA



**Senate Finance**  
**Committee Chairman**  
Hugh K. Leatherman, Sr.



**House Ways and Means**  
**Committee Chairman**  
Daniel T. Cooper



## The S.C. Budget and Control Board

The primary purpose of the Budget and Control Board is to help state and local entities serve the citizens of South Carolina. Through leadership, policy direction, data analysis and value-added services, the Board improves the efficiency of government. In most cases, the Board does not provide direct service delivery to the public. Instead, we make government better by maximizing the effectiveness and efficiency of those agencies that do.

The Board was created in 1950 as the result of work by the State Reorganization Commission, which conducted a comprehensive study of the state's administrative functions. The new Budget and Control Board consolidated numerous existing entities and single-purpose boards and was designed to maximize efficiency and eliminate duplication. The first meeting of the Board was held July 24, 1950 in the office of Gov. Strom Thurmond.

The agency is led by the five members of the Budget and Control Board. Chaired by Governor Mark Sanford, the Board sets policy under the authority granted to it by the General Assembly. This includes regulatory oversight, policy development, monitoring of state finances, purchasing, personnel and real property transactions.

The authority of the Board includes setting the annual benefits and premiums of the State Health Plan, approving the sale, purchase or leasing of state property and reducing state expenditures when economic conditions warrant. The Board also directly appoints the State Auditor and has the authority to take actions to ensure agencies stay within their authorized budgets. The Board, which meets about 10 times annually, also serves as trustee for the South Carolina Retirement Systems. The Board carries out its duties through the Executive Director and various Board programs, which are established and governed by state law and regulations.



# Our People



The Budget and Control Board's  
State Budget Office.

## From the Executive Director

The fiscal year that has just ended has been one of hard work and hard questions for our agency. Both the Governor and the General Assembly conducted extensive studies of the Budget and Control Board last year, prompting an unprecedented level of independent analysis of our *key* programs. At the same time, state government has been bracing for funding reductions.

So what did we learn and where are we going?

One thing that this process has reinforced for me is that many people have a hard time understanding the full scope of what our agency is and what it does. That's not surprising considering that the name Budget and Control Board actually encompasses two distinct entities – a policy making-body chaired by the Governor and a diverse administrative agency. Within that agency there are numerous unique services ranging from complex statistical research to the nightly cleaning of the State House.

And while there are several areas where we need to do better for our customers, the year that just ended has reinforced for me the fact that our agency is delivering more service at less cost than ever before. We must be prepared to achieve our mission of making government better at an even higher level in 2008-09.

**“...our agency  
is delivering  
more service  
at *less cost*  
than ever  
before.”**

that are beyond the control of the Executive Director or the five-member Budget and Control Board.

Even so, we took every suggestion very seriously. I

met with our managers, customers and outside experts to consider all the issues and look for ways to improve service delivery and save tax dollars. We made many changes right away. In the last year, we have cut the rates the Board charges for technology, property and liability insurance and other services. Our work is continuing.



**Frank Fusco, Executive Director**

Some of the proposals were things that had been in the works for some time. Among the biggest was the creation of a special trust fund to address long term costs of retiree health insurance.

**For our external customers, we've cut rates for technology services, procurement and property, casualty and liability insurance.** For our internal units, Board administrative functions have continued to operate with a fraction of the overhead that was in place at the beginning of the decade. Our central support functions are carried out with 30 fewer FTEs, a 36.5% decrease over eight years. That means our program areas have less overhead to carry, giving them more funds to serve their customers and lower their rates.

The changes are even more dramatic in the Office of Human Resources. They've slashed their workforce by two-thirds since the early 1990s. Yet this year the Office earned an A in the *Governing* magazine



**\$20 million**

return of premium for property, casualty and liability insurance



**“There will be great opportunities in the coming year for the Board to dramatically **improve state government** for the citizens of our state.”**

Grading the States project – they are among the very best in the nation at what they do according to impartial experts.

Doing more with less is essential because many of our programs simply cannot expect new funding. We are committed to continuing to strive for performance excellence regardless of the resources available. The Board must continue to deliver the most cost effective services to our customers by continuous evaluation and realigning priorities to customer needs.

The Year Ahead. **We’ve challenged our employees and managers to continue to find ways to improve our programs even though it’s unlikely we will have new dollars to throw into the battle.** We took steps to prepare for budget cuts in 2008-09 by establishing a 5 percent reduction plan in case of mid-year cuts. Three percent has already been reduced from our budget. And we are being very cautious in filling open positions.

What we can’t allow is for these preventative measures to become an excuse to spend the next year treading water. There will be great opportunities in the coming year for the Board to dramatically improve state government for the citizens of our state.



**\$3.7 million**  
cut in fees to  
agencies for  
technology services

One of the biggest opportunities is the South Carolina Enterprise Information System. This project of our Division of State Information Technology is transforming state government’s outdated, inefficient back office systems such as payroll, procurement and

human resources. By using the latest technology, we will be able to give managers and policy makers better information to make decisions while at the same time reducing the number of people needed to perform these routine tasks.

The DSIT is also launching the much-anticipated switch from traditional phones to a new system that moves voice data over the Internet. This VOIP system will deliver telephone service at lower cost and will provide a host of service enhancements for our customers.

We are also excited about the recent legislative decision to conduct a comprehensive study of broadband service in South Carolina. This committee will look for ways to expand the scope of fast Internet service in South Carolina by possibly leveraging the state’s existing data assets such as ETV’s transmission towers.

Technology also has the opportunity to revolutionize health care service delivery. **Our** Office of Research and Statistics has partnered with the health care community and the S.C. Department of Health and Human Services to develop an exciting system that will make medical records electronically portable. The South Carolina Health

### **Budget and Control Board Key Challenges for 2007-2008**

Find and retain excellent employees.

Secure funding for the deferred maintenance of state buildings and the further development of the SCEIS project.

To continue to reduce the workforce and use technology to maintain or improve the delivery of services.

To continue to find ways to reduce expenditures while improving services.



**“It has never been more important for our managers to know their customers, grasp the unique currents of their businesses and to be able to demonstrate that they **provide value for the dollar.**”**

Information Exchange will allow doctors, hospitals and other medical professionals to share patient data across a secure network. This will help eliminate mistakes such as misdiagnoses or prescribing conflicting medicines. As the next step in developing SCHIEx, DHHS began offering this service to 700,000 Medicaid patients statewide July 1.

**Improving the health of South Carolinians is one of the most important things we do at the Board.**

For several years, our Employee Insurance Program has analyzed its claims data to identify clients who have chronic health problems so that they could be provided with information and counseling on managing their condition. This effort has reduced the

**\$79.9 million**

saved over five years by helping State Health Plan members manage chronic illness.



number of emergency room visits, days in hospital and indicators of poor health such as high blood pressure. And it has saved the plan nearly \$80 million over five years. That's why we are expanding this effort to reach more people starting July 1, 2008.

This is just one of many initiatives like this highlighted in other parts of this report. The bottom line is that we know our

agency is facing budget reductions as the national economy cools. But we are committed to ensuring that these essential projects move forward.

This is a big challenge for everyone at the Board. It has never been more important for our managers to know their customers, grasp the unique currents of their businesses and to be able to demonstrate that they provide maximum value for the dollar. At one time it was enough for public sector managers simply to make sure their programs followed the rules and didn't make waves. Today, we must continuously prove that we are better than last year.

It's a challenge we are ready to meet at the Budget and Control Board.

**Frank W. Fusco,**  
Executive Director

**\$660,000**

will be saved each year because of a 25 percent reduction in the procurement administrative fee.



# Organizational Profile

## General Services

1201 Main St.  
1441 Boston Ave.  
1942 Laurel St.  
921 Main St.  
1201 Pendleton St.  
140 Stonebridge Dr.  
516 Senate St.  
1535 Confederate Ave.  
1026 Sumter St.

**Facilities Management** – Provides maintenance services for state-owned buildings.

**Fleet** – Coordinates purchase, maintenance and rental of state vehicles

**Agency Mail** – Operates statewide overnight mail delivery services for state and local agencies.

**Surplus Property** – Sells surplus state and federal property.

**Real Property Sales** – Assists agencies in obtaining office space.



## Insurance & Grants

1201 Main St.  
1122 Lady St.

**Employee Insurance Program** – Provides health, dental and other insurance for state, local and school district employees.

**Insurance Reserve Fund** – Issues property, casualty and liability insurance for state agencies, local governments and school districts.

**Office of Local Government** – Provides grants and loans for local water and sewer projects.

**State Energy Office** – Creates partnerships to improve energy efficiency.



## Budget & Analyses

1201 Main St.  
1401 Senate St.  
5 Geology Road  
1919 Blanding St.  
1000 Assembly St.  
301 Gervais St.

**State Budget Office** – Supports the legislative and gubernatorial budget process.

**Office of Human Resources** – Provides consulting, training, recruitment and other personnel services for state agencies.

**Office of Research and Statistics** – Uses data to improve public and private social and economic outcomes in South Carolina.

**Confederate Relic Room and Military Museum** – Operates South Carolina's military history museum.

**Board of Economic Advisors** – Forecasts state revenues.



# Organizational Profile Continued

## South Carolina Retirement Systems

202 Arbor Lake Drive

Operates defined contribution and defined benefit retirement plans for state, city, county and school district employees.



## Procurement Services

1201 Main St.  
171 Ashley Blvd.,  
Charleston  
800 University Way,  
Spartanburg

### Material Management Office

– Operates the state system for purchasing goods and services.

**Office of State Engineer** – Monitors state construction projects.



## Division of State Information Technology

4430 Broad River Rd.  
1026 Sumter St.  
1628 Browning Rd.  
171 Moultrie St.,  
Charleston  
Wade Hampton  
Building

Provides voice, data and other information technology services for South Carolina government.



## Other Board Units

1201 Main St.

**Internal Operations** – Provides financial and human resource services to Board offices.

**Internal Audit** – Conducts financial and performance audits of Board programs.

**General Counsel** – Provides legal services to Board programs.



S.C. Budget and Control Board

Accountability Report 07-08







# Base Budget Expenditures and Appropriations

Major Budget Categories	2006-07 Actual Expenditures		2007-08 Actual Expenditures		2008-09 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Services	\$57,385,501	\$10,230,276	\$60,842,024	\$11,658,362	\$66,216,859	\$11,953,576
Other Operating	\$97,372,295	\$7,683,337	\$111,507,311	\$7,746,986	\$105,928,097	\$6,203,574
Special Items	\$14,766,989	\$2,366,099	\$18,483,988	\$5,655,647	\$22,962,406	\$7,912,406
Permanent Improvements	\$2,781,201	\$0	\$2,930,389	\$0	\$2,900,000	\$0
Debt Services	\$2,001,138	\$0	\$3,973,035	\$0	\$5,998,535	\$0
Distributions to Subdivisions	\$6,977,087	\$3,718,090	\$7,592,451	\$6,479,000	\$9,912,747	\$5,898,747
Fringe Benefits	\$15,446,822	\$2,620,363	\$17,125,127	\$3,152,728	\$18,956,402	\$3,428,135
Non-recurring	\$39,848,465	\$1,413,960	\$33,812,464	\$2,509,292	\$0	\$0
<b>TOTAL</b>	<b>\$236,579,498</b>	<b>\$28,032,125</b>	<b>\$256,266,789</b>	<b>\$37,202,015</b>	<b>\$232,875,046</b>	<b>\$35,396,438</b>

11

## Other Expenditures

Major Budget Categories	2006-07 Actual Expenditures	2007-08 Actual Expenditures
Supplemental Bills	\$18,402,876	\$1,137,526
Capital Reserve Funds	\$9,364,303	\$8,752,323
Bonds	\$220,698	\$1,510

# Major Program Areas

Program Number and Title	Major Program Area Purpose	FY 06-07 Budget Expenditures	FY 07-08 Budget Expenditures
VIII.B - DSIT Operations: Connectivity	To provide network services in the areas of voice, video and data connectivity to state agencies and local governments and to provide local and long distance telephone service, internet access and network connectivity.	State: 175,809 Federal: 1,751,397 Other: 43,961,138 Total: 45,888,344 % of Total Budget: <b>19%</b>	State: 3,350,673 Federal: 1,047,861 Other: 35,722,632 Total: 40,121,166 % of Total Budget: <b>16%</b>
V.E. - State Fleet Management	To provide motor vehicles through short-term motor pool and long-term leases for state agencies' use in performing official business.	State: Federal: Other: 28,152,485 Total: 28,152,485 % of Total Budget: <b>12%</b>	State: Federal: Other: 30,656,550 Total: 30,656,550 % of Total Budget: <b>12%</b>
V.B. - Facilities Management	To provide centralized mechanical, maintenance, custodial, energy, environmental and horticulture services for state-owned buildings and grounds.	State: 2,353,532 Federal: Other: 27,223,642 Total: 29,577,174 % of Total Budget: <b>13%</b>	State: 2,353,532 Federal: Other: 27,719,041 Total: 30,072,573 % of Total Budget: <b>12%</b>
VIII.B - DSIT Operations: Data Processing	To provide data processing services for state agencies to include applications development, security, disaster recovery, help desk and output management services.	State: Federal: Other: 18,685,498 Total: 18,685,498 % of Total Budget: <b>8%</b>	State: Federal: Other: 23,478,169 Total: 23,478,169 % of Total Budget: <b>9%</b>
VIII.C - IT Planning and Management Services: SCEIS	As part of the SCEIS project, to promote cost efficiencies, enable data sharing and promote interoperability among state agencies.	State: 5,467,744 Federal: Other: 3,176,722 Total: 8,644,466 % of Total Budget: <b>4%</b>	State: 7,057,991 Federal: Other: 12,868,862 Total: 19,926,853 % of Total Budget: <b>8%</b>
IX - SC Retirement Systems	To administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds.	State: 50,000 Federal: Other: 16,802,508 Total: 16,852,508 % of Total Budget: <b>7%</b>	State: 49,964 Federal: Other: 17,929,213 Total: 17,979,177 % of Total Budget: <b>7%</b>
VII.B - Employee Insurance	To provide cost effective insurance benefits to employees and retirees of public sector employers in South Carolina to include health, dental, life, long-term disability, long-term care and flexible spending accounts.	State: Federal: Other: 9,095,439 Total: 9,095,439 % of Total Budget: <b>4%</b>	State: Federal: Other: 8,791,010 Total: 8,791,010 % of Total Budget: <b>3%</b>
IV.B. - Office of Research and Statistics	To gather, analyze and publish data vital to the social, health, criminal justice, education and economic well being of South Carolina and to work with other agencies to ensure quality outcomes and reduce costs.	State: 2,760,845 Federal: 611,607 Other: 3,772,767 Total: 7,145,219 % of Total Budget: <b>3%</b>	State: 3,766,891 Federal: 1,260,927 Other: 3,566,989 Total: 8,594,807 % of Total Budget: <b>3%</b>

S.C. Budget and Control Board

Accountability Report 07-08



VII.C - Office of Local Government	To provide grants, loans and technical assistance for water and sewer projects that protect public health and support economic development.	State: 4,088,963 Federal: 1,455,144 Other: 2,133,253 Total: 7,677,360 % of Total Budget: <b>3%</b>	State: 6,794,538 Federal: 722,019 Other: 989,694 Total: 8,506,251 % of Total Budget: <b>3%</b>
VII.A - Office of Insurance Reserve Fund	To provide property and liability insurance to qualified governmental entities including the underwriting of policies, reinsurance, rate development and settlement and defense of claims.	State: Federal: Other: 4,452,080 Total: 4,452,080 % of Total Budget: <b>2%</b>	State: Federal: Other: 5,288,907 Total: 5,288,907 % of Total Budget: <b>2%</b>
IV.D. - Office of Human Resources	To provide central human resources for state government in the areas of consulting, policy development, training, recruitment, grievance, mediation and compensation.	State: 3,260,073 Federal: Other: 1,668,341 Total: 4,928,414 % of Total Budget: <b>2%</b>	State: 3,034,333 Federal: Other: 1,568,485 Total: 4,602,818 % of Total Budget: <b>2%</b>
VI. - Procurement Services	To provide centralized procurement expertise and services to all public procurement officials and provide building code and life safety reviews and expertise.	State: 2,185,751 Federal: Other: 1,303,046 Total: 3,488,797 % of Total Budget: <b>1%</b>	State: 2,504,568 Federal: Other: 1,435,390 Total: 3,939,958 % of Total Budget: <b>2%</b>
IV.D. - State Budget Office	To support the Governor, General Assembly, and the Budget and Control Board in the development and implementation of the annual state budget and other fiscal matters.	State: 2,372,420 Federal: Other: Total: 2,372,420 % of Total Budget: <b>1%</b>	State: 2,568,840 Federal: Other: Total: 2,568,840 % of Total Budget: <b>1%</b>
VII.D - Energy Office	To promote energy efficiency and cost savings through financial assistance, energy audits, technical assistance, workshops, training, publications and other activities.	State: Federal: 921,004 Other: 1,184,390 Total: 2,105,394 % of Total Budget: <b>1%</b>	State: Federal: 744,021 Other: 1,027,877 Total: 1,771,898 % of Total Budget: <b>1%</b>
Other Program Areas - Executive Director, Internal Operations, Comptroller General/State Treasurer Data Processing Pass Through, Civil Contingent Fund, Base Closure, Brandenburg Coordination Committee, Southern Maritime Collection, Agency Support, Executive Institute, Confederate Relic Room and Military Museum, Board of Economic Advisors, Internal Audit Services, General Counsel, Gambling Disorders, Intra-Agency Mail, Surplus Property, Parking, Adoption Assistance, Leasing and Property Services, IT Planning & Project Management, IT Procurement, Print Shop, Non-Bonds SPIRS Projects, Lake Marion Water Authority and Increased Enforcement pass through accounts of Competitive Grants, Central Carolina Allied Health Service Center, Conway Maintenance Shop Renovations, Anderson County Health Depart. Roof Replacement & Magistrate Court Bldg, Edgefield Building Renovations and Dorchester Interfaith Outreach Ministry Homeless Center & Soup Kitchen.		State: 5,316,988 Federal: 3,322,302 Other: 38,874,610 Total: 47,513,900 % of Total Budget: <b>20%</b>	State: 5,720,685 Federal: 562,029 Other: 43,685,098 Total: 49,967,812 % of Total Budget: <b>19%</b>

## S.C. Budget and Control Board

# Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 07-08 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures
VIII.B - DSIT Operations: Connectivity	Customer satisfaction. Return on investment.	Made technical changes in preparation for implementation of Voice over Internet Protocol phone service. Other system changes were made to enhance service and efficiency.	41
V.E. - State Fleet Management	Customer satisfaction. Return on investment.	Maintained Fleet daily motor pool rates below private sector benchmarks.	36, 37
V.B. - Facilities Management	Customer satisfaction. Return on investment.	Maintained state building rental rates below private sector market rates.	38
VIII.B - DSIT Operations: Data Processing	Customer satisfaction. Return on investment.	Upgraded an IBM Z890 mainframe processor and two Hitachi storage devices for improved service to customers and more efficient operation.	40
VIII.C - IT Planning and Management Services: SCEIS	Customer satisfaction. Return on investment.	Achieved a major milestone during FY 07-08 with an initial implementation of the finance and procurement functions in six agencies and MMO and ITMO in November of 2007. Implemented SCEIS for 11 additional agencies in April 2008.	NA
IX - SC Retirement Systems	Customer satisfaction. Return on investment. Employee well being.	Legislation providing an automatic cost-of-living-adjustment of up to 2 percent for eligible retirees was passed and the assumed rate of return on investments was raised to 8 percent. Implemented flex time policy.	49, 50
VII.B - Employee Insurance	Customer satisfaction. Return on investment.	No increase in employer or enrollee contributions for the State Health Plan. Trust funds established as required by Other Post Employment Benefits (OPEB) legislation. Online enrollment is continuing to gain popularity.	44 – 48

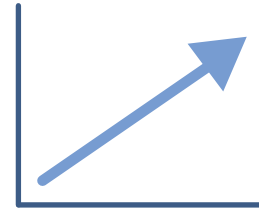
# Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 07-08 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures
IV.B. - Office of Research and Statistics	Return on investment.	Launched South Carolina Health Information Exchange. Expanded the number of contracts to provide services to agencies and non-profits.	58
VII.C - Office of Local Government	Return on investment.	This office continued to operate in an efficient manner. Prudent loan decisions and portfolio management provided by the Revolving Loan Programs resulted in no late payments or defaults for 2007-2008 or any prior year since inception.	NA
VII.A - Office of Insurance Reserve Fund	Customer satisfaction. Return on investment.	Program continues to operate efficiently with rates well below the private sector. A onetime pro-rata share premium return of \$20 million was issued to covered entities during June 2008. Rates cut for tort, automobile physical damage and school bus lines for annual savings of \$5.3 million.	51 – 53
IV.D. - Office of Human Resources	Customer satisfaction. Return on investment.	Implemented Phases I and II of NEOGOV E-Recruitment System, including training of the agencies. Completed the survey associated with Governing Magazine's Grading of the States and received an A- rating.	54, 55
VI. - Procurement Services	Customer satisfaction. Return on investment.	Reduced administrative fee on contracts by 25 percent. Continued to deliver savings for agencies by negotiating better rates with contractors.	56, 57
IV.D. - State Budget Office	Customer satisfaction.	Continued to provide quality and timely customer service. The customer satisfaction survey conducted this past fiscal year revealed that the State Budget Office met or exceeded customer expectations 97.2 percent of the time.	59
VII.D - Energy Office	Return on investment.	The Energy Office continued to promote energy efficiency and cost savings with energy improvements to public facilities projected to provide significant cost savings.	NA



# What we stand for

## Our Vision We Make Government Better.



## The Board's Mission Statement

The Budget and Control Board provides innovative leadership and a variety of services to government agencies to foster effective government.

## Our Values...

- **Quality Customer Service and Products**

We consistently provide outstanding products and excellent customer services, as defined by our customers, and we strive for continuous improvement.

- **Innovation** We are receptive to and flexible with the changing environment and the evolving world of technology. We welcome challenges, embrace innovation and encourage creativity.

- **Leadership** We strive to lead government through strategic and visionary approaches that are proactive, fair and ethical.












































- **Professionalism** We perform our work with honesty, integrity, and loyalty. We are committed to performance that is credible, thorough, competent and worthy of customer confidence.

- **Employee Well-Being** We respect the individual contributions of each employee and endeavor to empower them with the needed resources for teamwork, shared pride and continuous learning.



S.C. Budget and Control Board

# Who we serve

Key External Customers	State Agencies	Governor's Office	General Assembly	Local Gov./ Schools	Higher Education	State/Local Employees	Judicial Branch
General Services							
Retirement							
Human Resources							
DSIT							
Insurance and Grants							
Research and Statistics							
Internal Operations							
Budget Office							
General Counsel							

# Our Work



Margaret Jordan of the State Engineer's Office consults with a contractor at the site of the new USC baseball stadium. Jordan is the lead engineer on this project which will be completed in January.



# Category 1 – Senior Leadership, Governance, and Social Responsibility

**Q** How do senior leaders set, deploy, and ensure two-way communication for: a) short and long term organizational direction and organizational priorities, b) performance expectations, c) organizational values, and d) ethical behavior.

The Executive Director speaks in person at most new employee orientation sessions. He also leads a performance excellence training session that is required for all Board employees. The Executive Director devotes considerable time to strategic planning and performance analysis. This includes an annual strategic planning retreat with all senior staff and follow-up reviews with program-level managers to evaluate performance data. The Chief of Staff holds a monthly meeting with division heads and key HR, IT, communications and budget staff to

share information and discuss upcoming operational issues. To ensure feedback, the Board conducted an online survey of senior managers and had an outside group of researchers conduct focus groups with our employees. The results continue to be used to help shape the agency's strategic focus.

**Q** How do senior leaders establish and promote a focus on customers and other stakeholders?

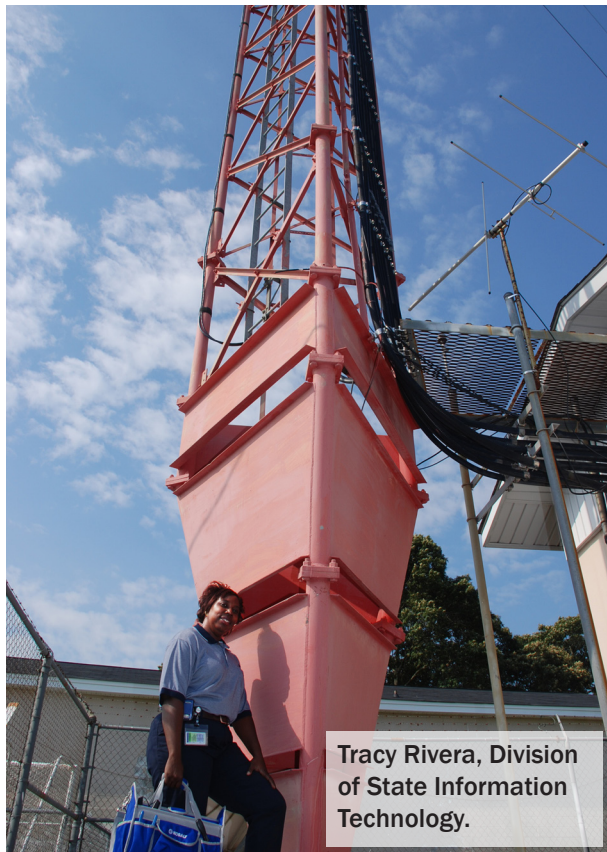
The needs of customers are the agency's first priority and are the consistent focus of most written and verbal messages from the Executive Director to managers and employees. One of the three key strategic goals of the agency is measuring and improving customer satisfaction. When external concerns were raised about customer service issues at the Division of State Information Technology, the Executive Director asked researchers at the University of South Carolina to conduct an impartial survey of state agency customers. The report was used to develop an action plan for improvements.

**Q** How does the organization address the current and potential impact on the public of its programs, services, facilities and operations, including associated risks?

A top priority of the Board is to be a good steward of public funds, and the agency has in place strong legal and auditing components to ensure that all legal and regulatory standards are met. The Executive Director and senior leadership consistently emphasize to all employees that it is their duty to live up to the highest standards of ethical behavior.

**Q** How do senior leaders establish and promote a focus on customers and other stakeholders?

The Board takes seriously all laws and regulations that it operates under and fully cooperates with any outside inquiries. All major program areas were subject to a detailed analysis by the Executive Director as part of the response to the GEAR report and changes were made when supported by factual analysis. To ensure ongoing oversight, an annual audit



Tracy Rivera, Division of State Information Technology.

will be conducted of all service fees charged by the Board to ensure that they are market competitive. The Board maintains an Internal Audit function to conduct impartial analysis of internal controls of key fiscal issues.

**Q What performance measures do senior leaders regularly review to inform them on needed actions? (Actual results are to be reported in Category 7.)**

Return on investment, customer satisfaction and employee well-being measures are regularly reviewed by senior leaders across the agency. Financial reports are analyzed for central agency functions and on a program-by-program basis. All program areas attempt to benchmark results against the best practices in a given business area.

**Q How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?**

Each program in the Board is required to use a systematic approach that employs data to continuously review and improve operations. The Executive Director and Chief of Staff regularly review division and office performance metrics and receive reports on initiatives to improve the agency's three

key focus areas.

**Q How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?**

HR staff has identified all employees who are in the TERI program or eligible to retire in the near future and has worked with office and program managers to develop succession plans for these positions. Whenever a retired employee is retained, the manager of the area must develop a knowledge transfer plan for whoever will ultimately assume the position. As part of this effort in 2007-08, the Executive Director chartered a team of key managers to design a leadership development program to help prepare employees for supervisory and managerial jobs.

In order to carry out the Executive Director's commitment to excellent hiring decisions, the Board continues to use diverse panels of employees to interview and select employees. Managers are trained to ask job-specific and behavioral-based questions in order to select the best candidate. Internal promotions are encouraged whenever possible. This practice supports employee engagement and encourages employees to develop their skills in preparation for opportunities within the organization.

The Executive Director also speaks at most new employee orientation sessions and leads a three-hour course in performance excellence for all new employees.

20

## South Carolina Goes Green



The Budget and Control Board's S.C. Energy Office is helping South Carolinians improve the environment by supporting local renewable energy providers. The new Palmetto Clean Energy alliance is a partnership among Duke Energy Carolinas, Progress Energy Carolinas, South Carolina Electric & Gas Co., the South Carolina Office of Regulatory Staff and the Energy Office.

The program allows utility customers to purchase blocks of electricity generated from

renewable or "clean" sources, such as wind, solar and biomass.



Watch the press conference at <http://tinyurl.com/sccleanenergy>.

## **Q How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?**

The Executive Director is the leading advocate in South Carolina state government for performance improvement. He shows his dedication by teaching performance excellence classes and active participation in the S.C. Government Improvement Network and the Executive Leadership Program sponsored by the Agency Directors Organization. Other board senior leaders are heavily involved benchmarking projects. Materials Management Office Director Voight Shealy led the first national government procurement benchmarking project.

## **Q How do senior leaders create an environment for organizational and workforce learning?**

The Board sets the stage for workforce learning from the new employee's first day on the job. The Executive Director attends most of the new employee orientation sessions and emphasizes the agency's focus on workforce learning and continuous improvement. He asks that new employees observe and provide feedback on processes, pointing out that a fresh set of eyes often identifies problems in processes that long-term employees have accepted as inevitable. The session also provides new employees with information on required training, optional training, and the Board's process for scheduling and approving training so that they can immediately become involved in learning activities.

Board HR encourages supervisors to develop an Individual Learning Plan (ILP) for all employees. The plan emphasizes the development and practice of skill sets needed for on-the-job *success* and encourages the use of a variety of learning activities rather than focusing entirely on training courses. The ILP is available on the Board's Intranet in the "Supervisor's Toolbox."

The Leadership Academy is a nine-month development program that the Board offers for employees who have shown a potential for leadership. In this program, employees from all different divisions and offices meet twice a month to learn more about the Board, explore leadership principles, and address issues that cut across program areas. They share best practices, work in small groups to

solve problems, and develop relationships that help to create an environment for organizational learning and improvement.

## **Q How do senior leaders communicate with, engage, empower and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?**

We have found this to be an area that needs improvement as our senior leaders do not spend as much time as they would like visiting the many Board offices. The Executive Director discusses key issues through the *In the Loop* employee newsletter and readership metrics indicate that these articles are widely read. The senior leadership team visits each of the offices during the annual Public Service Recognition Week to thank employees for their dedication and to distribute annual awards. In 2008-09, the Executive Director has embarked upon a series of meetings with front line managers in each area of the organization. These sessions focus on removing barriers to organizational improvement and discussion of long-term strategic goals.

## **Q How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.**

The Board is an active supporter of the annual United Way and Community Health Charities campaigns. The Executive Director is also an active member of the River Alliance which is working to develop Columbia's riverfront community. Senior leaders are also visible participants in the annual Prevention Partners health screenings which the State Health Plan promotes as a way to detect medical problems early.



## Category 2 – Strategic Planning

- Q** What is your Strategic Planning process, including key participants, and how does it address:
- a. your organizations' strengths, weaknesses, opportunities and threats;**
  - b. financial, regulatory, societal and other potential risks;**
  - c. shifts in technology, regulatory, societal and other potential risks, and customer preferences;**
  - d. workforce capabilities and needs;**
  - e. organizational continuity in emergencies;**
  - f. your ability to execute the strategic plan.**

Every year, approximately 40 of the agency's senior leaders gather to review key challenges faced by the agency and to set priorities for the coming year. All operational priorities are built around the Board's three strategic goals of customer satisfaction, return

on investment and employee well-being. Priorities are influenced by estimated legislative funding, pending laws, regulations and policy directives from the state's elected leadership and feedback from employees and customers as outlined elsewhere in this report. Progress *is* monitored throughout the year both informally and formally by the senior leadership team and adjustments are made as warranted.

Each division or major program area is working to develop a plan that is aligned with the Board's strategic plan, vision, mission and values statements. The Board's five-point strategic plan calls for providing quality customer services, continuously improving processes, promoting fact-based management, demonstrating financial/regulatory responsibility and accountability and valuing the agency's employees.

Some offices, including the South Carolina Retirement Systems, the Office of Human Resources, DSIT and the Procurement Division have plans that are used to drive strategic decision-making throughout the year. Work is continuing in other areas to develop such plans.

The Materials Management Office began a strategic planning process in January 2008. Several sessions were held after this initial review and assessment. MMO managers conducted a SWOT analysis to allow managers to create a shared vision and define the office's mission, vision and values. A review was conducted of the current mission vision and values and a systematic improvement process introduced by consultant David J. McClaskey to fine tune and make changes based on the results of the SWOT analysis. This allowed identification of critical issues that would aid in the development of goals. This information was then shared with all staff through their respective managers with each section completing a SWOT analysis and developing objectives which included tasks, action plans, and deliverables.

The strategic planning process will continue throughout the year with monthly managers meetings to determine the status of objectives. The strategic



Joe Long, S.C. Confederate Relic Room and Military Museum.

plan documents will be updated and revised as necessary throughout the year.

**Q How do your strategic objectives address the strategic challenges you identified in your Executive Summary?**

The Board's strategic objectives – customer satisfaction, return on investment and employee well-being – encompass the elements needed to address the specific challenges we face each year.

**Q How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of your action plans?**

Each program area develops objectives and measures that address their specific operational issues. These are all reviewed periodically by the senior leadership team throughout the year.

**Q How do you communicate and deploy your strategic objectives, action plans and related performance measures?**

Measurements, action plans and outcomes are shared through the employee newsletter, staff meetings and

the Executive Director's performance excellence training class. Action plans are assigned to specific employees or areas and become a part of individual employee's goals and objectives on the Employee Performance Management System (EPMS).

**Q How do you measure progress on your action plans?**

Progress is measured through the measures reported in Section 7 plus employee and customer feedback efforts described elsewhere in this report. Individuals are measured on their success in helping to carry out action plans through their EPMS ratings.

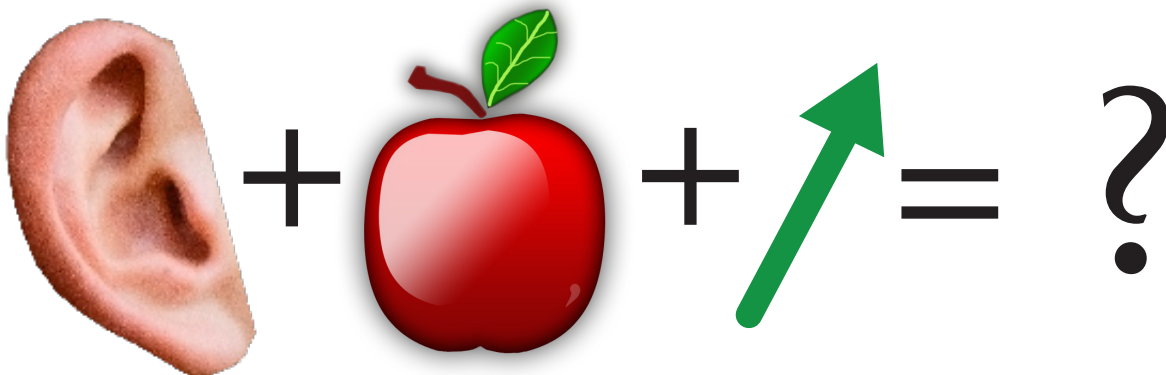
**Q How do you evaluate and improve your strategic planning process?**

The process is evaluated at the annual senior management retreat and during meetings throughout the year to assess the progress in meeting strategic goals. The Board engaged an expert with the University's Institute for Public Service and Policy Research to speak about strategic planning principles at the 2007 annual retreat.

23

## Do You Know the Answer?

This is a test given by Executive Director Frank Fusco to all new employees.



Answer: Listening + Learning + Improving = A Systematic Process for Continuous Improvement

## Category 3 – Customer Focus

### **Q How do you determine who your customers are and what their key requirements are?**

As a public agency, our customers are largely mandated by statute and regulation. Each program is responsible for having listening and learning methods in place to keep up with changing customer needs.

### **Q How do you keep your listening and learning methods current with changing customer/business needs and expectations?**

All managers are responsible for ensuring that front-line service delivery employees are responsive to customer input. Programs are also required to develop systematic stakeholder feedback instruments appropriate to their area. Agency executive leaders also interact with program customers when special issues arise. Impartial third-parties are used to conduct surveys or focus groups to ensure actionable feedback.

The Employee Insurance Program maintains a consistent dialogue with both customer stakeholder groups such as the S.C. State Employees Association and the S.C. Association of Retirees and with non-customer stakeholders such as the South Carolina Hospital Association and various physician specialty societies to assure that any concerns that the respective parties may have regarding the State Health Plan are heard, understood and addressed appropriately.

### **Q What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business and make complaints?**

Each Board division has a system for collecting actionable customer feedback which helps determine the delivery of services. This ranges from analyzing direct contacts to customer service call centers to seeking feedback at annual large-group meetings of local benefits administrators.

### **Q How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?**

This is measured through direct customer interaction, surveys, focus groups and visits by program managers to customer agencies. The State Health Plan requires in each contract with its service providers that they conduct an independent customer satisfaction survey.

### **Q How do you use information and feedback from customers/stakeholders to keep services and programs relevant and provide for continuous improvement?**

When data from various sources indicate a clear desire from customers, program changes are made where possible. For example, the Division of State Information Technology launched a VOIP solution for phone service in response to customer requests.

### **Q How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer and stakeholder groups.**

Our customers fall into two general categories – those who receive mandated services from the Board and those who use certain services that are optional, such as our print shop or overnight mail service. Relationships are enhanced by demonstrating our consistent willingness to seriously consider concerns or suggestions and to take positive action whenever possible. The Materials Management Office hosted and conducted training events for small and minority vendors and conducted one-on-one matchmaking sessions for this target audience. The Office of State Engineer involved stakeholders in the community, such as contractors, members of the architecture community and other state agencies in a series of meetings to examine and improve their processes.



## Category 4 – Measurement, Analysis and Knowledge Management

**Q** How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

Each program area is required to have measures that focus on the Board's three strategic objectives. Individual units typically have many additional measures that are tailored to their specific needs and are tracked for internal purposes. The Executive Director encourages programs to measure matters important to customers and that need improvement.

**Q** How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision and innovation throughout your organization?

The measures described previously are benchmarked against leaders in the appropriate line of business to serve as a high standard for which to strive. Areas where the data demonstrates opportunities for improvement become strategic priorities for the program.

**Q** What are your key measures, how do you review them, and how do you keep them current with organizational service needs and directions?

Because we are such a diverse agency, the Board has dozens of measures that are specific to program areas. Agency-wide financial measures are reviewed monthly by senior leadership. Program area measures are reviewed constantly by front-line managers and several times per year by agency senior leadership. Measures are studied and possibly changed during status reviews conducted as part of the annual accountability reporting process.

**Q** How do you select and use key comparative data and information to support operational and strategic decision-making and innovation?

The Board focuses on measures that reflect value generated for customer agencies rather than mere measures of output or those that simply quantify the number of times a service or event took place. Measures that drive programs to compare themselves to the best – not just the average – are also preferred.

25



The Executive Director's performance excellence training classes teach employees to identify and update measures.

**Q How do you ensure data integrity, timeliness, accuracy, security and availability for decision making?**

The Board's Internal Audit team reviews measures used by program areas in the Accountability Report. The Executive Director also holds extensive meetings with key managers to review both results and whether their current measures are the best available.

The Division of State Information Technology has in place a contract with SunGard to provide disaster recovery for the state's data assets at an off-site location. Disaster recovery planning and testing exercises are regularly conducted at this location. The Insurance Reserve Fund has extensive procedures in place to protect data and respond quickly in case of a large-scale disaster that would require extensive claims processing.

**Q How do you translate organizational performance review findings into priorities for continuous improvement?**

Each program area follows the "listen, learn and improve" process described previously. Measures that lag are used to identify the next best opportunity for improvement.

**Q How do you collect, transfer, and maintain organizational and employee knowledge (knowledge assets)? How do you identify and share best practices?**

Budget and Control Board policy requires managers to develop a knowledge transfer plan for any TERI employee occupying a critical position. Knowledge transfer tools are posted on the Board's Intranet for use by managers throughout the Board. We also offer facilitation for divisions and offices that need help with identifying and developing their knowledge transfer plans. If a program area finds that they need to rehire a retired employee, they are required to establish formal knowledge transfer plans to ensure that key skills are transferred.

To address long-term concerns about the loss of institutional knowledge through retirements, the Executive Director has chartered a team to develop a new initiative for leadership development. The Leadership for Employee Advancement and Development (LEAD) Team has been charged with the design and implementation of a comprehensive curriculum with the goal of enhancing the competencies needed for successful leadership. This group of top level managers has identified the core competencies that are critical for all levels of managerial positions within the agency. They are currently mapping out the details of the program that will launch in 2009. This will ensure that a cadre of employees will be prepared to step up to more responsible jobs as they become available.

26



## Making Every Vote Count

South Carolina voters got to the right voting place and were given the proper ballot this year thanks to help from the Budget and Control Board.

Using state-of-the-art mapping and computer software, the Digital Cartography Section of the Board's Office of Research and Statistics makes sure that each voter is assigned to the correct precinct.

In preparation for the 2004 elections, Research and Statistics found more than 15,000 voters were assigned to the wrong district. This year, 2 million county voter files were checked using computer mapping software that compares the voter's home address to the voting district to which they are assigned. Errors are reported to local election officials, helping citizens avoid confusion when they exercise their constitutional rights.

## Category 5 – Workforce Focus

**Q** How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation and your organizational culture?

Management uses the *Employee* Performance Management System (EPMS) to measure goal accomplishment. During this past year, the Board changed the EPMS form and terminology and provided training to Board supervisors and managers on the new form. We now use the term “expected results” and encourage supervisors to focus on concrete outcomes rather than activities. Those expected results are driven by the goals and objectives set as part of the strategic planning process.

We promote cooperation, initiative, empowerment, teamwork, and innovation in our organization

through a number of different avenues. We begin by ensuring that employees are educated about our values from the first day on the job. New employees also attend a performance excellence session taught by our Executive Director where they learn first hand about the Board's philosophy and how our organization pursues continuous improvement, empowerment and teamwork.

**Q** How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.

As a diverse agency with offices that are physically dispersed around town, this is a challenge. The Budget and Control Board created an internal communications program for its employees. The program includes several communication vehicles such as the *In the Loop* weekly newsletter, quarterly flyers, “In the Loop” posters, and the “In the Loop”

Brian Gaines, Internal Operations.





section of the employee Intranet. The result of this branding process is that employees immediately recognize publications and information geared to their interests, increasing the likelihood that they will read critical information.

We have also found that one of our leadership development programs, the Leadership Academy, has a positive impact on knowledge and best practice sharing. The relationships that are built during that period have resulted in improved communication and knowledge sharing across locations and divisions.

**Q How does management recruit, hire, place and retain new employees? Describe any barriers that you may encounter.**

The Board participates in the web based on-line application system, Neogov, which is a statewide technology application. From September of 2007 through the end of the year, we attracted 13,314 applicants for jobs within the Board. Board HR staff use a variety of recruitment sources to reach out to applicants. Managers are encouraged to supplement the recruiting of human resources staff by contacting professional organizations for their discipline. The Board continues to use diverse panels when interviewing candidates and we believe these panels make better decisions and result in a more diverse workforce.

During the orientation process, we educate new employees about the benefits they have with state government. Supervisors are provided with a checklist in order to ensure consistent orientation on the job. A number of flexible workplace policies are in place to retain employees such as telecommuting, flex time and the voluntary furlough program.

The barriers for recruiting and hiring range from internal equity concerns when offering salaries to attracting individuals for hard-to-fill jobs. Another critical barrier is the restructuring legislation which causes uncertainty among current and potential employees about their futures.

**Q How do you assess your workforce capability and capacity needs, including skills, competencies and staffing levels?**

Managers are responsible for assessing the capability

and capacity needs of their employees. Board Human Resources offers assistance in determining staffing levels when needed. Often assessments are carried out in conjunction with workforce planning efforts when employees are scheduled to leave through TERI or retirement. A current initiative in this area is our LEAD Team which was discussed previously.

**Q How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?**

The Board has a universal review date of January 1st requiring evaluations to be completed for all employees at the same time. This ensures that managers will develop an overall picture of individual performance, along with an overall view of the organization's performance. In addition, senior managers have performance information on all employees at one point in time to use as a barometer to measure progress toward strategic initiatives, identify areas of concern, as well as recognize outstanding performance. During 2007-08, the Board offered a number of training sessions to help supervisors *understand* how to use the EPMS to communicate expectations and achieve better results.

The Board implemented a new form that will help the supervisor better evaluate performance based on the expected results of a job duty. We changed terminology and put a great deal of emphasis on concrete, measurable outcomes rather than activities and tasks. We should see the impact of the modifications to the system during the evaluation cycle that began January 2008. In addition, the new system is automated and feeds into a database for easy retrieval of information as well as better monitoring of planning stages and appraisals.

**Q How does your development and learning system for leaders address the following:**  
a. development of personal leadership attributes;  
b. development of organizational knowledge;  
c. ethical practices;  
d. your core competencies, strategic challenges, and accomplishment of action plans?

Budget and Control Board leaders participate with other agency directors and deputies of state agencies in leadership training conducted by the Daniel Management Center. This training is part of a developmental component of the Agency Directors' Organization (ADO).

In addition, the Budget *and* Control Board has conducted four classes of the Leadership Academy since its inception in 2003. The program focuses on developing leaders for the future and educating them about all aspects of the agency. Participants gain knowledge about each of the divisions and offices of the organization, develop an understanding of leadership principles, and participate on a project team addressing agency wide issues. We are currently in the process of designing a more comprehensive leadership development program designed around the competencies needed for successful leadership in our organization.



S.C. Budget and Control Board

**Q How do you identify and address key developmental training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?**

At the beginning of each fiscal year, the Board's employee development director surveys the divisions and offices to identify training needs that are common across the Board. In 2007-08, we sponsored 11 sessions of professional development training for Board employees through Midlands Technical College. There were a total of 400 participants in Board sponsored training during the year. The average investment in development and training was approximately \$430 per employee. Supervisors are responsible for ensuring their staff receive job-specific training. Mandatory training for supervisors includes anti-harassment training and supervisory courses.

Board Human Resources implemented a Learning Management System, dubbed "The Learning Board," to provide employees with an on-line source for training registration, transcript tracking and on-line delivery of selected courses.

**Q How do you encourage on the job use of new knowledge and skills?**

We promote just-in-time training. Many employees have a development plan linked to their specific job duties and the knowledge and skills needed to perform the job. Supervisors are encouraged to identify job specific training that is available locally and to promote peer training whenever possible. We also have mandatory training for certain categories and levels of positions. The list of mandatory training and a development plan template is published on the Intranet.

To encourage use of knowledge and skills acquired through training, supervisors are often asked to evaluate the employee's level of performance after the training experience. The Board often conducts surveys after the event to determine the value of the training for the participant and to reinforce the application of new skills.

**Q How does employee training contribute to the achievement of your action plans?**

Employee training is focused on ensuring that employees have the knowledge and skills to perform their jobs. Employees attend training to develop new skills when such skills are necessary to operate new equipment or perform their jobs. Employees in our information technology jobs are constantly gaining new skills to enable them to function in the ever changing technology world. For other knowledge jobs, such as retirement benefit counselors, employees are educated on new laws and changes so that they can effectively communicate to our customers.

**Q How do you evaluate the effectiveness of your workforce and leader training and development systems?**

We conduct evaluations after each class to gauge the participant's feedback. For comprehensive programs such as the Leadership Academy, we follow-up with supervisors and Board leaders to ensure that they are providing opportunities for the employee to apply the learning and to gather anecdotal information on the value of the programs. We also monitor internal promotions to determine if those attending developmental programs are moving to positions with greater responsibility.

**Q How do you motivate your workforce to develop and utilize their full potential?**

Each Board division conducts an in-house reward and recognition program for their employees. Each program holds a special recognition event during Public Service Recognition Week in May. During this time, employees achieving milestones of 20, 30 and 40 or more years of state service are honored. In the Loop, the Board's weekly employee newsletter, regularly features articles on employees and their accomplishments. We also *fully* encourage managers and supervisors to recognize small accomplishments on a daily basis.

**Q What formal and/or informal assessment methods and measures do you use to obtain information on workforce well-being, satisfaction, and motivation? How do you use other measures such as employee retention**

**and grievances? How do you use this information?**

During 2007 – 2008, the Budget and Control Board contracted with USC's Institute for Public Service and Policy Research to conduct a climate survey of its employees. A summary of the results were shared with all Board employees through the In the Loop newsletter. In addition one-on-one meetings were conducted with each division director and action plans are being developed to address issues specific to their division. An action plan for those issues affecting the entire agency is in the development phase. The Executive Director plans roundtable meetings with front line supervisors to better understand some areas of concern such as a desire for more two-way communication and the elevation of decision making.

The Board has utilized online surveys to gather information on training events, lunchtime wellness seminars and customer satisfaction levels with other HR initiatives. Response to the surveys has been helpful in determining offerings and improving processes.

The number of grievances at the Board continues to be low. Whenever an employee does leave employment with the Board, Board HR conducts an exit interview. This allows for enhanced feedback to organizational units in a systematic and effective manner. If a problem area is identified, Board HR staff shares the information with office managers for further action. Options for handling the problem are generated and a solution implemented.

30





**Q How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?**

The new leadership development program is being designed to help prepare employees for supervisory and managerial jobs as part of our succession planning efforts. The LEAD Team is a group of high level managers within the Board who are designing the program with the goal of developing a pool of candidates with the necessary leadership competencies who can be promoted to the numerous jobs that should become available through retirements. We have career paths in many job families at the Board and in certain categories, employees move up as they acquire a body of knowledge.

**Q How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters.)**

The Board continues to offer CPR/First Aid training to its employees. The number of accidents in 2007 was 39, resulting in nine days lost from work. When accidents occur, supervisors determine the cause

and make recommendations to prevent a similar accident. The General Services Safety Team helps other divisions on ergonomics and other issues such as noise control.

The Board has an emergency preparedness coordinator. During this fiscal year, the emergency preparedness coordinator worked closely with legislative and law enforcement agencies on the State House security plan which is now in the implementation phase. The General Services Safety Committee promotes employee participation and safety awareness. On June 10, 2008, the committee sponsored a safety and health fair to educate employees about safety in the workplace and health screenings.

The Disaster Recovery Program at the Division of State Information Technology is designed to benefit customer agencies who store large amounts of data. The objective of the program is to restore vital operating data accessible to its end users within 72 hours of a disaster declaration. The Retirement Systems has a disaster recovery program for payments and is expanding its programs to include all other aspects of its operations.

31



## Taking a Leadership Role

A group of talented Board employees spent the year learning about the agency and developing their own answers for some of its key challenges. The 15 members of the 2007-08 Class of the Budget and Control Board Leadership Academy received an in-depth tour of all major Board programs and suggested improvement plans to the agency leadership in the areas of communications, employee health and wellness and succession planning.

Participants were nominated by their division or office director and went through a screening process to be selected.

"Participating in the Leadership Academy has definitely given me more of a vision of what the Board does," Jennifer Dolder, Supervisor of Employer Recording and State ORP with Retirement Systems, said. "It broadened my knowledge and gave me an opportunity to understand what I'm a part of on an agency level."

The Leadership Academy is a key component of the Board's long-range *embrace* of succession planning which aims to ensure that capable and qualified employees are prepared to advance in their careers as the existing generation of leadership heads toward retirement.



View the graduation at  
<http://tinyurl.com/leadershipgraduation>.

## Category 6 – Process Management

**Q How do you determine, and what are your organization's core competencies, and how do they relate to your mission, competitive environment and action plans?**

We are staffed to address the services mandated by statute and regulation. Because we can bring technical, financial, legal and managerial talent to bear on a problem, the Board has long been asked to take on various administrative duties and special initiatives. All programs understand that unexpected tasks may become a priority and assets may need to be allocated for such assignments on short notice.

**Q How do you determine and what are your key work processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?**

Throughout the Board's wide range of services, computer-based management programs are used to track work orders, customer contacts, repair

histories, and service requests. Generally, this broad pool of data is coupled with customer focus groups, routine customer satisfaction surveys, and up-front solicitation of customer requirements to determine policy changes, budget requests, employee training needs and the provision of new services.

**Q How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?**

Each program area tracks a unique set of measures that relate to the nature of their business. This includes broad measures such as rates charged for services, costs of negotiated savings in procurements and dollars saved for agencies by using our Surplus Property and Agency Mail programs. Negative trends in these areas would result in management reviews and operational changes. Service measures such as the number of minutes it takes to answer a customer call are also monitored and are used to drive staffing assignments. The State Health Plan also uses its claims database to notify doctors of clinical recommendations for patients and to identify and reach out to clients who have chronic disorders and can benefit from special assistance. Both efforts have saved millions of dollars in claims.

**Q How does your day-to-day operation of these processes ensure meeting key performance requirements?**

Managers are expected to closely track key operational measures that all ultimately tie to the agency's three strategic objectives. Regular reviews of top-level measures by senior management ensure that front-line managers have incentives to make operational adjustments based on close monitoring of processes.

**Q How do you systematically evaluate and improve your key product and service related work processes?**

Senior management regularly reviews the cost and effectiveness of all Board programs and outside experts are used to evaluate programs on an as-needed



Jane Francis,  
Internal Auditor.

S.C. Budget and Control Board

Accountability Report 07-08



basis. Throughout the agency, programs are expected to use new technology to replace paper-based systems so that overhead costs can be kept down. Such initiatives allow the Board to periodically reduce rates whenever possible for property insurance, procurement and IT, delivering better value for our customers.

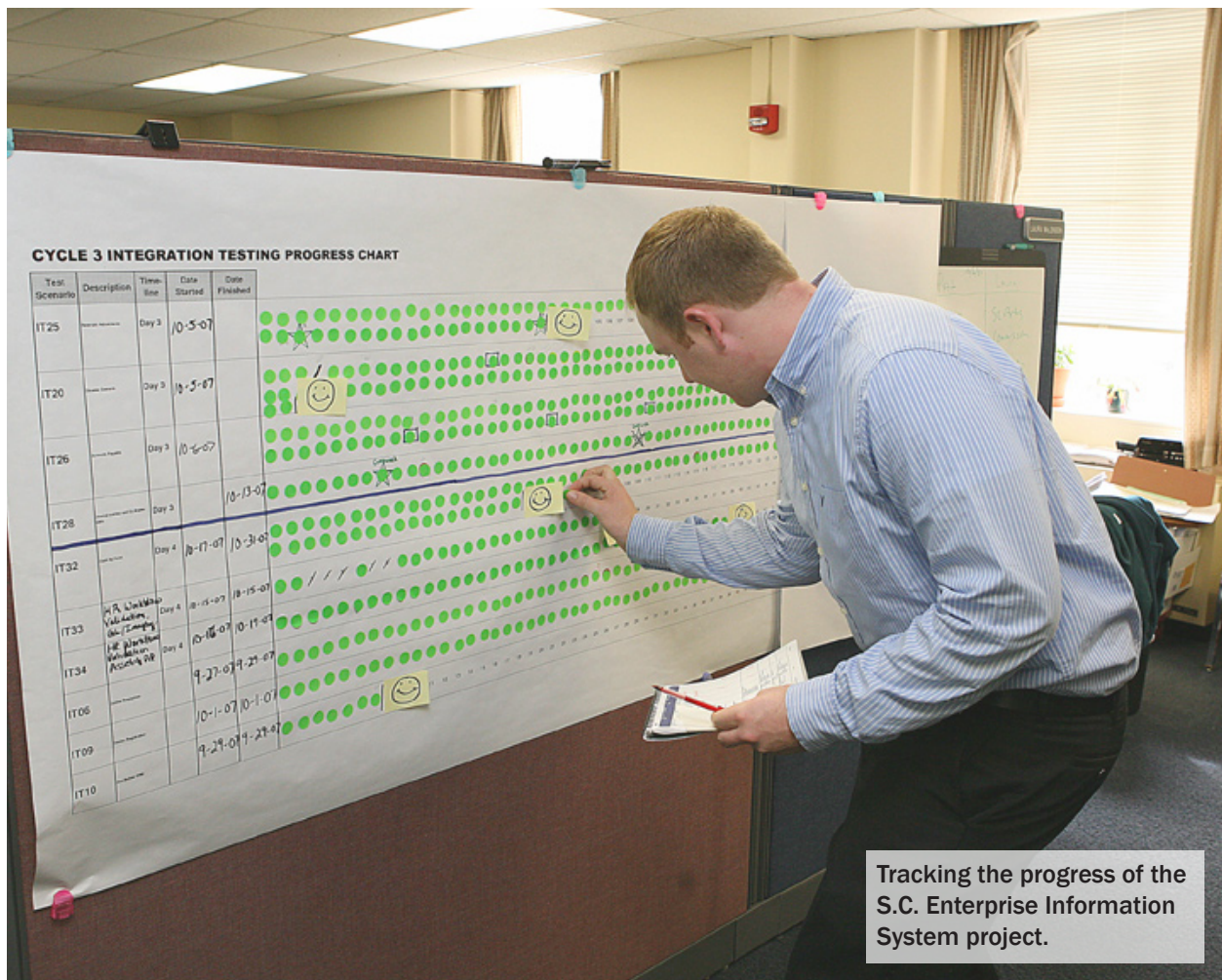
**Q** What are your key support processes, and how do you evaluate, improve and update these processes to achieve better performance?

The Office of Internal Operations, the Board's internal Chief Information Officer and Internal Audit Services are the key support units for other Board programs. Internal Operations provides HR, finance, training and related services to all Board programs. Each unit has developed key metrics that track both

the quality and cost of service delivered to other Board units. The measures are evaluated by each support unit director and adjustments are made as the facts warrant. They also rely heavily on internal customer surveys and input to determine level of service and areas needing improvement.

**Q** How does your organization determine the resources needed to meet current and projected budget and financial obligations?

Board funding comes primarily from the sale of services with state appropriations constituting 17 percent of the Board's budget. Many funds can only be used for specified purposes. When data indicates new funds are needed, the Board may seek a legislative appropriation or reallocates available funds within a program area.





# Our Results



A team in the Board's Office of Research has developed a state-of-the-art system that allows medical records to be securely shared among hospitals, doctors and other health care providers. The South Carolina Health Information Exchange launched in July 2008 for 700,000 state Medicaid participants. From left to right are David Patterson, Wally Altman, Heather Kirby and John Hoy. Not pictured: Randy Rambo, Tracy Smith, Chris Finney.

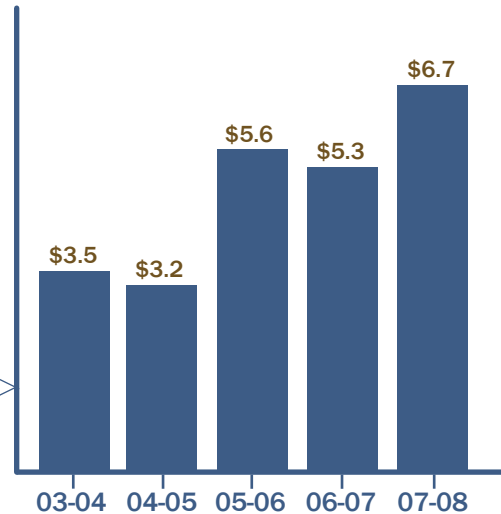
# General Services Division

## Surplus Property Increases Return to Agencies

The Surplus Property Program allows state agencies, political subdivisions and non-profit organizations to receive state and federal surplus property at lower rates than the cost of buying new.

\$6.7 million was returned to the agencies that sold their surplus property. Revenue increased substantially in 2007-08 due to the increased use of online sales channels such as ebay.com and govdeals.com

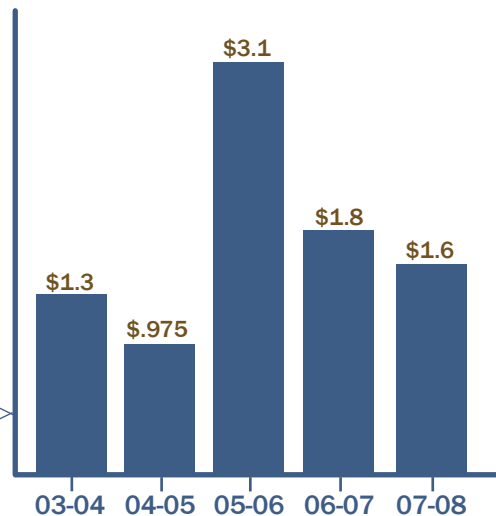
## Proceeds Returned to Agencies, in Millions, by Surplus Property



Learn more about Surplus Property at <http://tinyurl.com/bcbsurplus>.

Surplus Property also saved *customer* agencies \$1.6 million over the cost of buying new property by providing them with used equipment.

## Costs Avoided by Agencies, in Millions, through Surplus Property



# General Services Division

## State Fleet Management

The Budget and Control Board's State Fleet Management section has oversight over state government's non-school bus vehicle fleet. Of the 16,842 vehicles in the state fleet as of July 2008, 80 percent are owned and managed directly by individual agencies. State Fleet also leases vehicles to agencies that prefer not to own their fleet. It also operates a motor pool that provides daily vehicle rental.

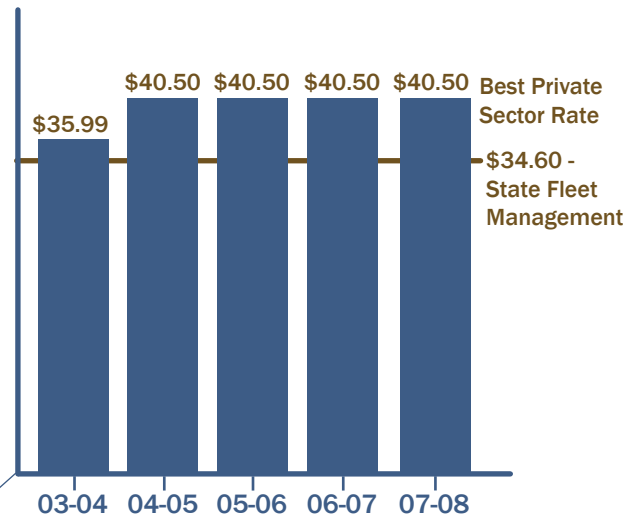
### Largest State Fleets

- Department of Transportation: 3,822
- State Fleet Management: 3,389\*
- Department of Public Safety: 2,067
- Clemson University: 1,020
- Department of Corrections: 960

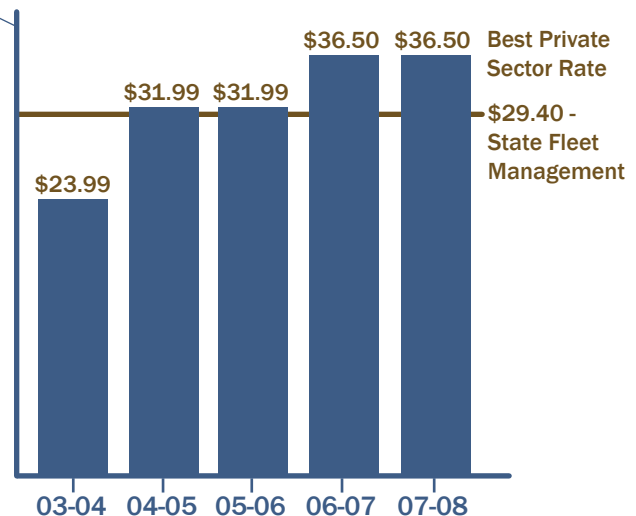
\* Includes 2,950 vehicles currently leased to other state agencies.

State Fleet Management benchmarks their daily motor pool rates against the private sector's special fleet rates for daily rentals. Commercial rates are adjusted to include taxes and fuel, but not insurance. Comparisons are based on the typical 110 mile motor pool trip.

Cost Comparison for 110-mile trip:  
Full Size Sedan



Cost Comparison for 110-mile trip:  
Compact Sedan





# General Services Division

## State Fleet Management

The Budget and Control Board's Fleet and Procurement offices work together to issue more than 40 vehicle contracts that state and local agencies can use to purchase cars, trucks and other vehicles at substantial discounts. By standardizing specifications and pooling the public sector's purchasing power, state contracts provide significant savings to agencies over the Manufacturer's Suggested Retail Price.



### State Vehicle Contracts Compared with MSRP

Vehicle	2008 Contract Price	MSRP
Ford Focus, Sedan, Compact, 4 Door	\$11,889	\$17,025
Chevrolet Impala – Pursuit	\$17,960	\$25,140
Crown Victoria – Pursuit	\$21,390	\$28,235
Ford F-150 Pick-up 1/2 Ton 4x4, Flex Fuel	\$22,165	\$30,290
Dodge Caravan Van, Mini Cargo, Flex Fuel	\$14,244	\$21,740
Chevrolet Tahoe, Full Size 4 Door, Flex Fuel	\$26,290	\$34,620
Toyota Prius – Hybrid, Gas/Electric	\$21,996	\$23,514
Ford Escape	\$18,310	\$24,830
Dodge Dakota – Extended Cab, Flex Fuel	\$15,662	\$24,450
Chevrolet Uplander – Van, Mini, Flex Fuel	\$17,829	\$20,200
Ford F-250	\$15,494	\$25,655
Ford F-250 Super Duty	\$22,211	\$32,305
Chevrolet Trailblazer	\$18,460	\$26,040

# General Services Division

## Facilities Management

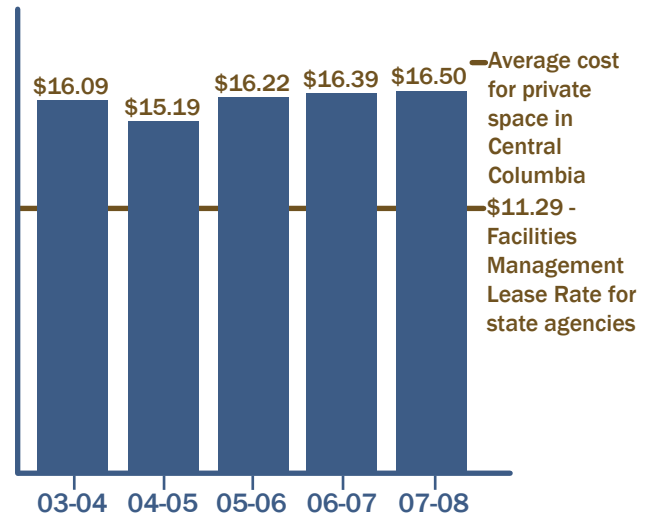
The mission of Facilities Management is to deliver electrical, mechanical, maintenance, energy management, fire protection, horticultural, custodial, project management, safety and building renovation services for state owned buildings in the most efficient manner.

Facilities Management maintains and operates 88 state public buildings owned by the Board and other agencies. These include the State House, the Governor's Mansion, legislative and judicial buildings, the Columbia Mills Building (State Museum & Department of Revenue), the Department of Health and Environmental Control, the Employment Security Commission and the Governor's Mansion Complex.



Learn more about  
Facilities Management at  
<http://tinyurl.com/energyfacility>.

General Services Lease Rates Compared with the Private Sector



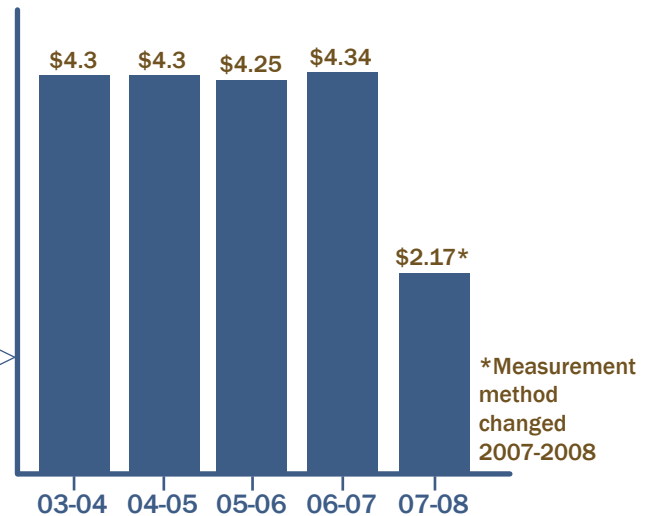
State agencies are charged a standard rent of \$11.29 per square foot for office space in state buildings managed by the Board's Facilities Management section. This rate – which includes maintenance and most utilities – has not increased in 11 years. The state rate is compared here to the Columbia Central Business District average rental rate for the private sector. This rate is calculated by Colliers Keenan, a South Carolina commercial real estate firm. However, maintaining these low rates creates a challenge in meeting maintenance requirements, even though a portion of surplus real property proceeds are allowed by law to help fill the gap.

# General Services Division

## Agency Mail Continues to be Best Choice for Agencies

## Millions Saved for Agencies Using Agency Mail Instead of U.S.P.S.

With rates well below the U.S. Postal Service, Agency Mail saves millions of dollars annually for state and local agencies. For 2008, the program has modified the methodology used to calculate its comparison to the private sector to account for volume discounts provided by the U.S. Postal Service.



Learn more about Agency Mail at  
<http://tinyurl.com/agencymail>.



## Cutting the Cost of Government

In 2007-08, the Board lowered the cost of doing business for state and local agencies by constantly reviewing user charges and making reductions whenever possible. During the year, charges for telephone, data, fleet, procurement services, tort liability coverage, automobile insurance and other property lines were reduced, saving agencies a total \$30.2 million.

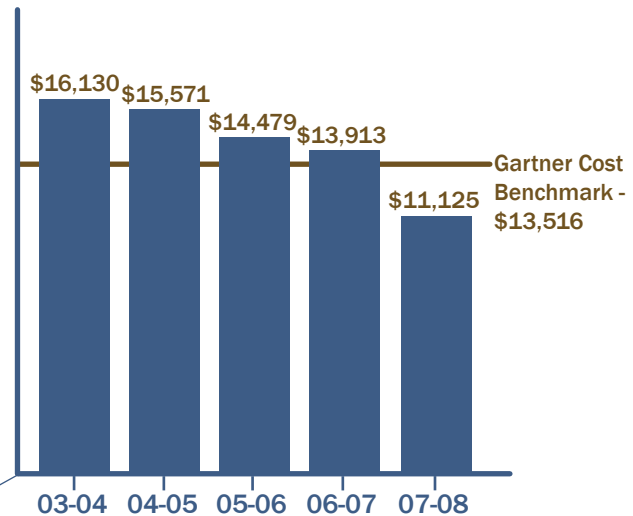


# Division of State Information Technology

## Division Changes Name, Cuts Rates

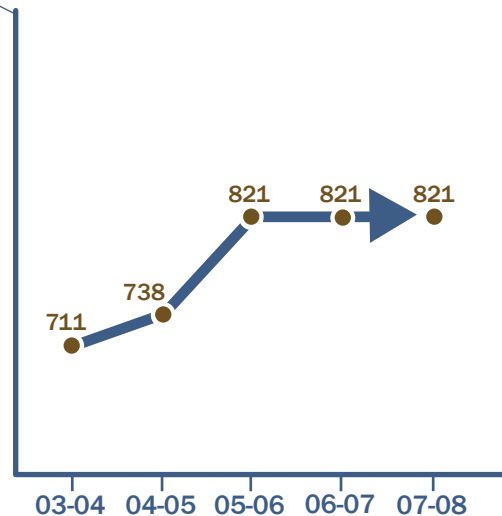
The DSIT facilitates the delivery of government services in South Carolina by coordinating enterprise technology investment and providing information technology solutions. The division cut rates on key phone and data services in 2008, saving agencies an estimated \$3.7 million annually.

## State Data Center Mainframe Cost



These charts reflect a three year trend of level mainframe maximum capacity and utilization, measured in millions of instructions per second (MIPS), as well as a five year trend of steady decline in total cost of ownership.

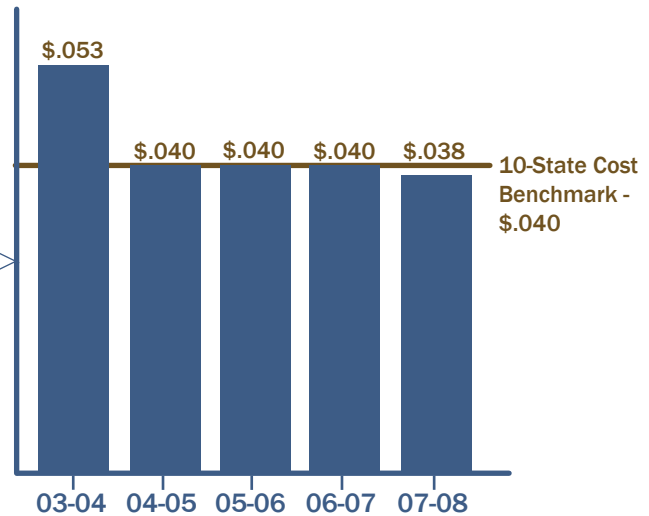
## State Data Center Mainframe Capacity in MIPS



# Division of State Information Technology

Average Cost per Minute for DSIT-  
Provided Long Distance Service

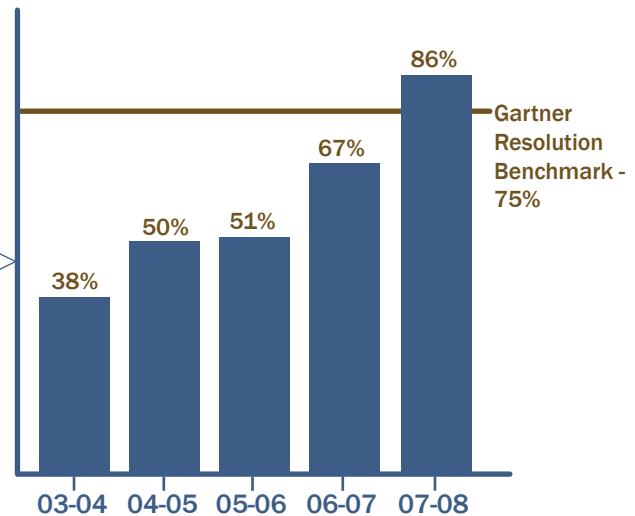
This chart reflects the average cost per minute for DSIT-provided long distance service, a cost that has remained virtually level over the previous four fiscal years.



41

Service Desk First Call Resolution

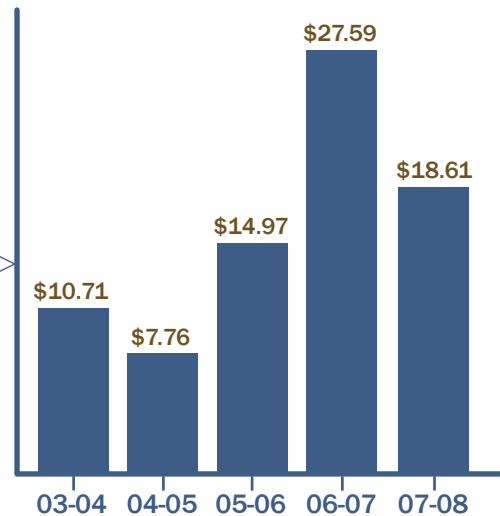
This chart reflect the percentage of incoming Service Center phone calls that are resolved at the first point of contact, without delay or referral. First call resolution percentages have risen steadily over the previous four years culminating in a rate of 86% for Fiscal Year 2007-08. This amount exceeds 75%, the Gartner standard and DSIT internal goal.



# Division of State Information Technology

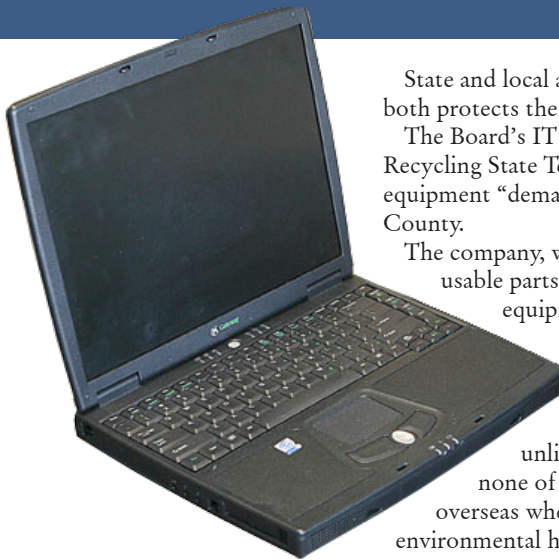
## IT Procurement Return on Investment

This chart reflects the return on investment generated by the Information Technology Management Office (ITMO) during the course of the 2007-08 Fiscal Year. For every budget dollar, ITMO returned \$18.61 in negotiated savings. This calculation is reached by comparing ITMO's budget with the \$20 million it saved for agencies in 2007-08.



42

## A Safe Way to Throw Away



State and local agencies can now dispose of electronic equipment in a way that both protects the environment and ensures valuable data is not lost.

The Board's IT Management Office has established an Electronic Equipment Recycling State Term Contract with Global Investment Recovery, a national IT equipment "demanufacturer" with a facility in Salley, S.C. in rural Orangeburg County.

The company, which also does work for the Pentagon at the plant, recycles usable parts from old computers, copiers, cell phones and other equipment. Items with no value are run through a giant shredder called the "Gray Gobbler" that pulverizes the equipment so that it is suitable for disposal. And unlike many IT disposal firms, none of the material is dumped overseas where they can become an environmental hazard.



See the Gray Gobbler in action at <http://tinyurl.com/ggobbler>.



# Division of State Information Technology

## Unique Approach Brings eGovernment to South Carolina

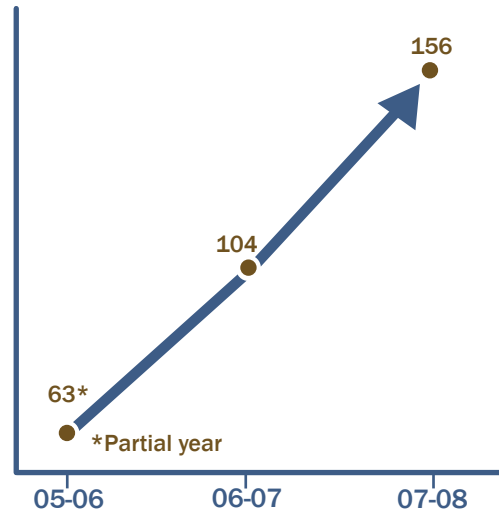
In 2005, the Board's Division of State Information Technology took a unique approach to revitalizing the state's home page on the web. Instead of building the site in house, they formed a public-private partnership with S.C. Interactive, the local unit of the eGovernment firm NIC.

Under the arrangement, S.C. Interactive absorbs the costs to build the state's web portal and also develops new eGovernment services that generate convenience fees from customers who would rather pay a small charge instead of stand in line or conduct business with government through slower, traditional means.

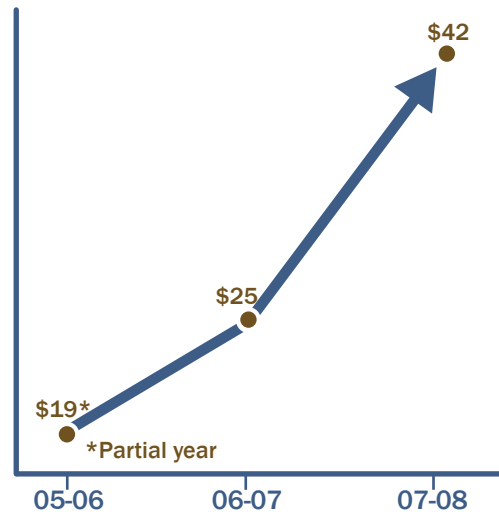
This "self-funding" model encourages the state and S.C. Interactive to build online services that the public wants without requiring upfront tax appropriations to do so. And the approach is working. In the last 18 months, S.C. Interactive has:

- Implemented 47 new Payment Engine Services for 30 governmental entities within South Carolina.
- Launched 37 new eGovernment applications which included 70 new services.
- Assisted South Carolina government with cost avoidance of more than \$3.3 million dollars since July 2005.

Millions of Hits on SC.gov



Millions of State Funds Collected

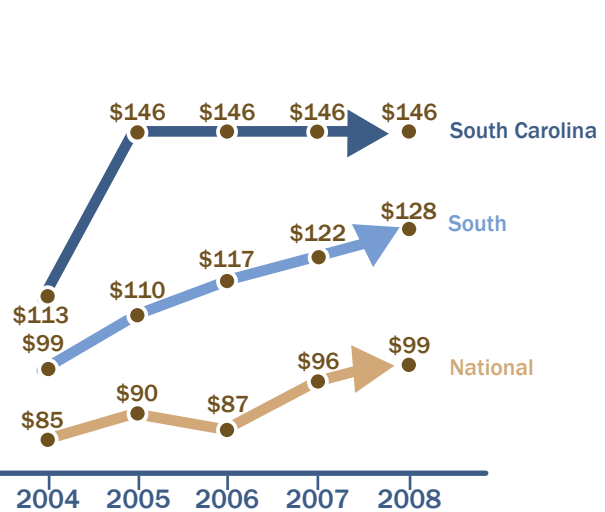


# State Health Plan

## State Health Plan Premiums Unchanged for Fourth Year

While the average employee premium remains slightly above the regional average, the State Health Plan has not increased the rates it charges members since January 1, 2005. The rates will remain unchanged for the 2009 calendar year.

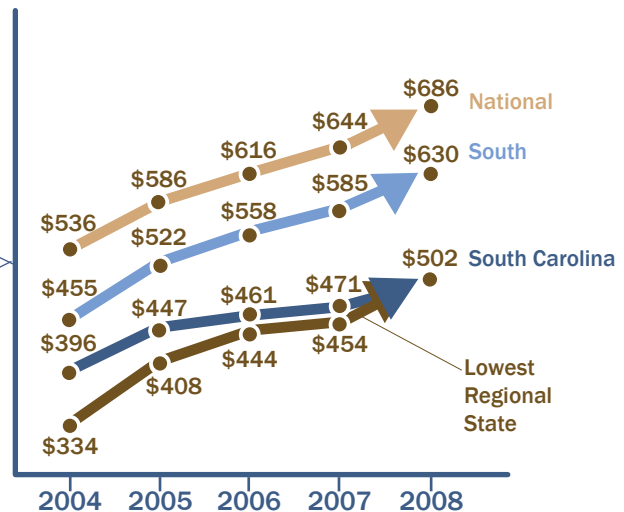
## Average Weighted Employee Premiums



44

## Combined Employee and Employer Average Weighted Premiums

This chart and the one above demonstrate that while overall insurance premiums are lower in South Carolina than nationally, plan members here pay a larger share of those costs than do public sector workers nationally.



# State Health Plan

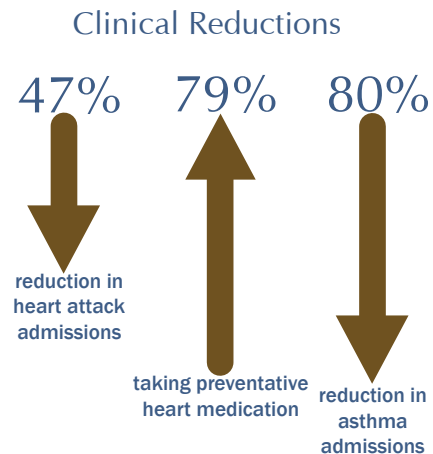
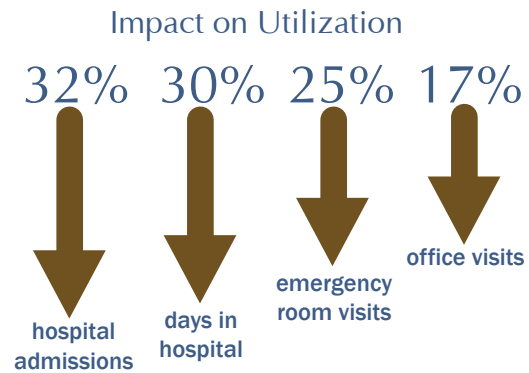
## Outreach Effort Improves Health, Saves Money

Chronic illnesses like high blood pressure are among the biggest drivers of rising health costs. But an ongoing program at the State Health Plan is proving that information is often the best medicine.

Through its plan administrator, BlueCross BlueShield, the SHP studies claims data to identify individuals who have common chronic illnesses such as asthma, heart disease or diabetes. They look closely for signs that patients are not following their doctor's orders to take certain medications and as a result are visiting emergency rooms.

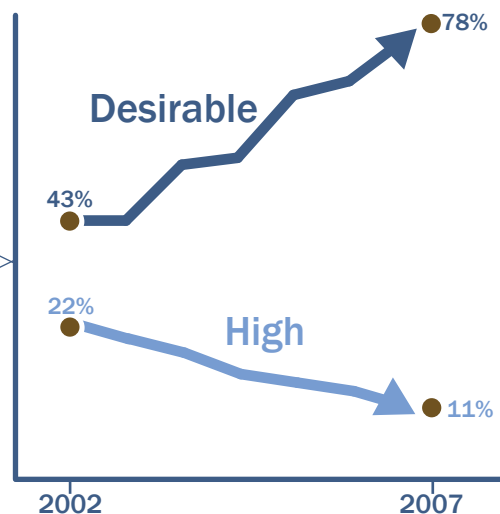
These patients then receive educational materials, regular newsletters, and in some cases counseling phone calls from trained nurses who help them work through their medical challenges.

Data demonstrates that patients really do put this knowledge to work. Key health measures for those who participate show dramatic improvement, leading to a major decrease in their use of medical care. The SHP has saved nearly \$80 million since 2002 through this effort, which is one reason it is being expanded this year to reach more people.



## Cholesterol Scores for Participants

The outreach program has shown great success in helping those with high cholesterol improve their scores. The percentage of participants who had cholesterol scores in the "desirable" range nearly doubled while the number with high cholesterol was cut in half.





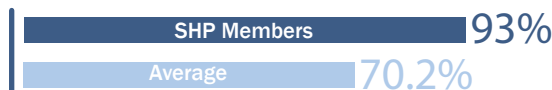
# State Health Plan

## Member Satisfaction - BlueCross

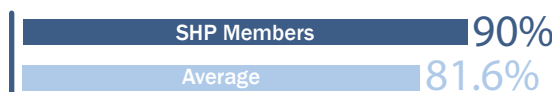
The State Health Plan uses BlueCross BlueShield of South Carolina to administer claims. This year, SHP required BlueCross to conduct a survey of members who contacted the Customer Service or Medi-Call system during 2007. The survey was randomly administered to 850 members and received a response rate of 34 percent. The questions were taken from and benchmarked against the National Committee Quality Assurance Health Effectiveness and Data Information Set as a basis for improvements in care and service.

\*The percentile score is the overall percentage of members who responded "Always" or "Usually" (numerical rating of 7, 8, 9 or 10 on a 10 point scale) when asked how often did your health plan...?

Did you receive the information or help you needed from customer service or Medi-Call?



Did the customer service and Medi-Call staff treat you with courtesy and respect?



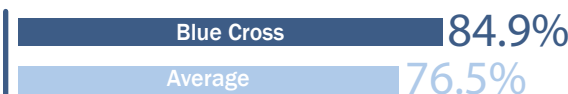
Did you get needed help or information from Customer Service or Medi-Call with your first phone call?



How often did BlueCross handle your claims correctly?



How often did BlueCross handle your claims quickly?



Overall, how satisfied are you with your State Health Plan insurance?



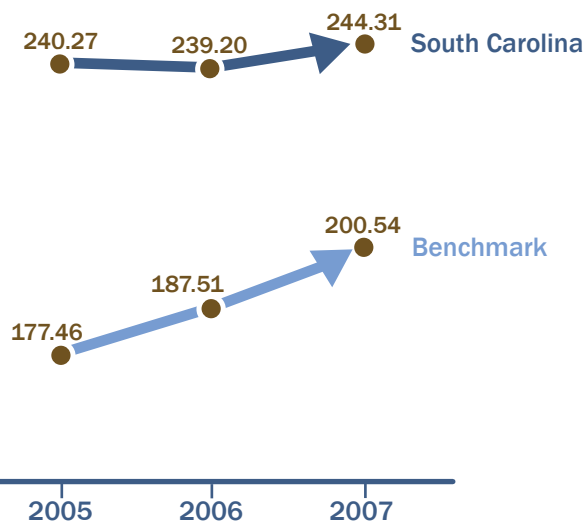
46

# State Health Plan

## State Health Plan Records Positive Usage Trends

The State Health Plan tracks the utilization of key services to determine the impact of the plan's structure and estimates the future health needs of members. Emergency room visits have increased only nominally in the last three years while the benchmark for emergency room usage was growing 11.5 percent.

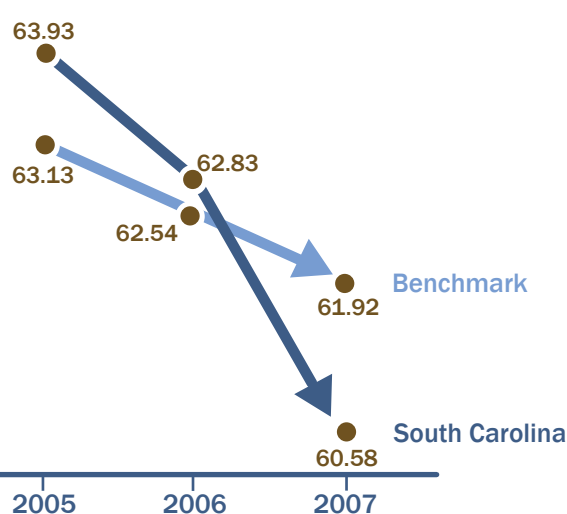
### Emergency Room Visits Per 1,000 Members



47

### Inpatient Hospital Visits Per 1,000 Members

The State Health Plan's *focused* efforts to help chronically ill patients manage their diseases and to advise doctors when treatment options vary from national standards are believed to be helping members reduce the frequency of inpatient hospital visits. Changes in medical technology are also allowing more procedures to be performed on an outpatient basis.

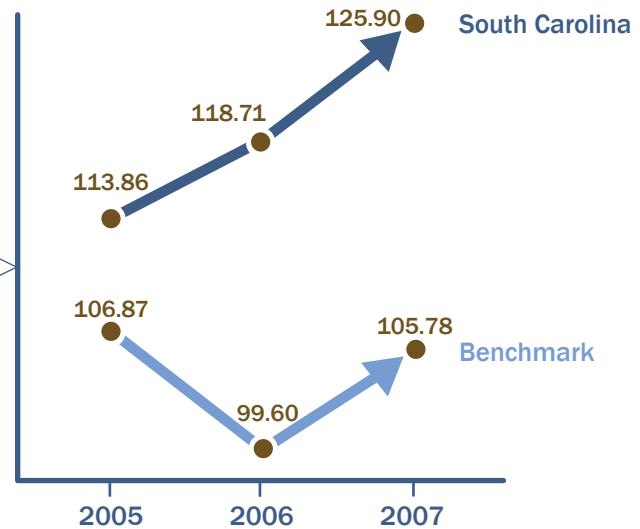


# State Health Plan

## State Health Plan Records Positive Usage Trends

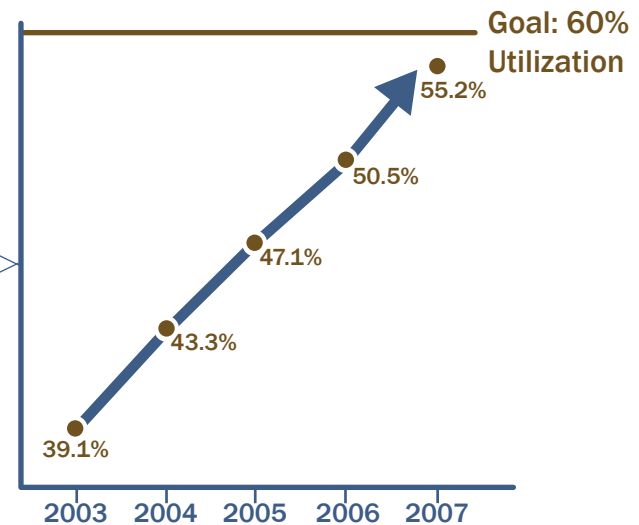
The growth in outpatient surgery is a positive trend because it indicates that members are moving away from more expensive inpatient visits.

### Outpatient Surgery Per 1,000 Members



### Prescription Drug Generic Utilization as a Percentage of all Prescriptions

Generic drugs are medically comparable to name-brand medicines but cost much less. The plan has been encouraging members to use generics whenever possible through pricing incentives and promotion of this alternative. The goal is based upon Medco's average for all government plans it operates. The benchmark will be adjusted annually based on the latest market trends.





# South Carolina Retirement Systems

## System Continues to Enhance Efficiency

Established in 1945, the S.C. Retirement Systems administers five distinct defined benefit pension plans for public employees, law enforcement officers, judges and solicitors, members of the General Assembly and the S.C. National Guard.

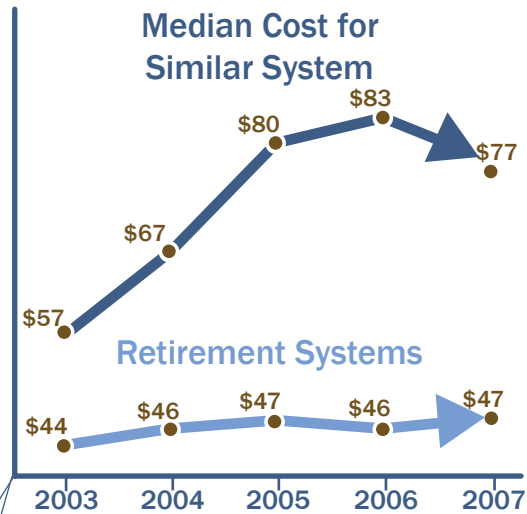
Newly-hired employees may also select the State Optional Retirement Program, which allows participants to invest their retirement contributions in stocks or other investment vehicles. Retirement benefits for ORP members are based on the balance in their accounts when they retire.

- Total Number of Retirees for All Systems: 115,310
- Total Number of Active Employees for All Systems: 225,014
- Total annual payroll for annuitants is more than \$2 billion.

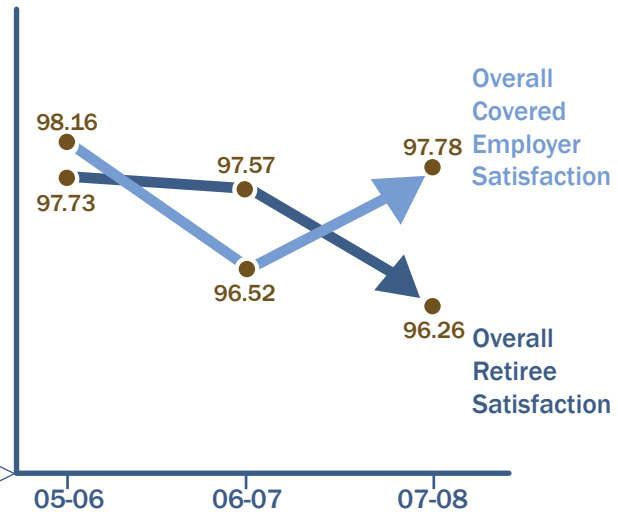
A benchmarking analysis by Cost Effectiveness Measurement, Inc., found that in 2007, the Retirement Systems operated at the fourth lowest cost per member among the 15 peer pension plans in the analysis. The Retirement Systems' cost trend has remained steady in comparison to continual increases among similar systems. This is indicative of the division's efforts to operate efficiently and effectively.

Stakeholder satisfaction levels remained very high. Employer satisfaction levels increased 1.26 percent from 2007 – 2008, retiree satisfaction levels declined 1.38 percent from the prior fiscal year. Although retiree satisfaction declined slightly, overall satisfaction levels still exceed 96 percent.

## Administrative Cost Per Member



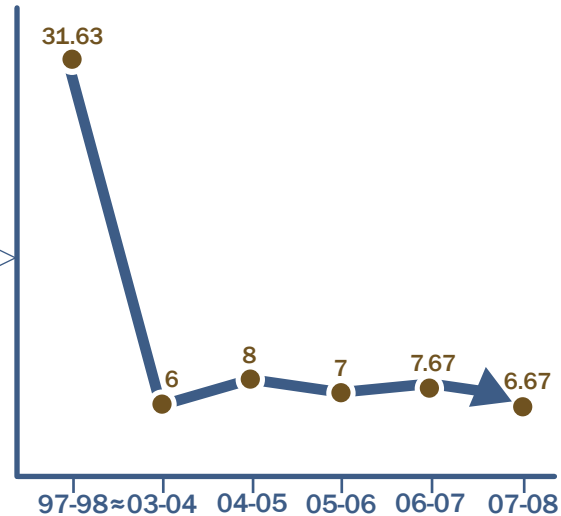
## Stakeholder Satisfaction



# South Carolina Retirement Systems

Customer Intake Center Wait Times in Minutes

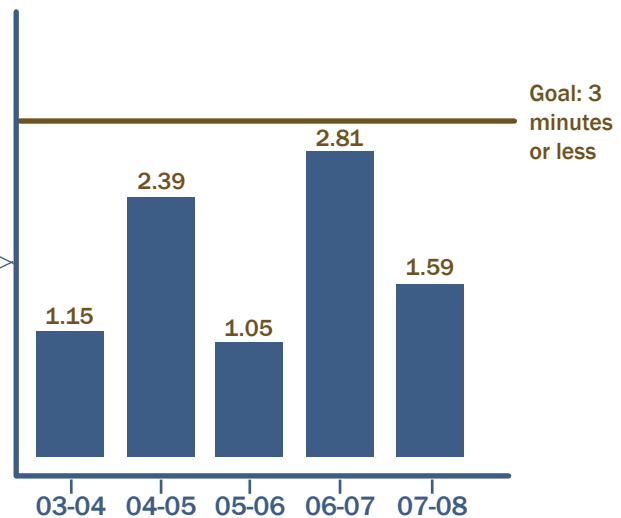
This chart shows the average in-office wait time to meet with a retirement consultant for a one-on-one counseling session. The average wait time for 2007 – 2008 was 7 minutes (with or without an appointment), which is almost one minute less than the 2006 – 2007 wait time. The number of customers received by the Visitor Center remained constant.



Learn more about the Retirement Systems at <http://tinyurl.com/scrsvideo>.

This chart shows the average time it takes for a caller to reach a retirement consultant. While the Customer Services Call Center continued to experience a high incoming call volume for 2007 – 2008, the call wait time was reduced by more than one minute from 2006 – 2007.

Call Center Wait Time in Minutes



# Insurance Reserve Fund

## Rate Cuts to Increase Savings for Agencies

The mission of the Board's Insurance Reserve Fund is to provide insurance to governmental entities at the lowest possible cost. All state agencies must purchase their insurance through the fund. Participation is optional for local governments. The fund uses no agents, brokers, or advertising and does not actively solicit accounts. This lack of a profit requirement and related expenses, along with the use of the investment income in rate determination, allows the IRF to maintain the lowest possible rate structure.

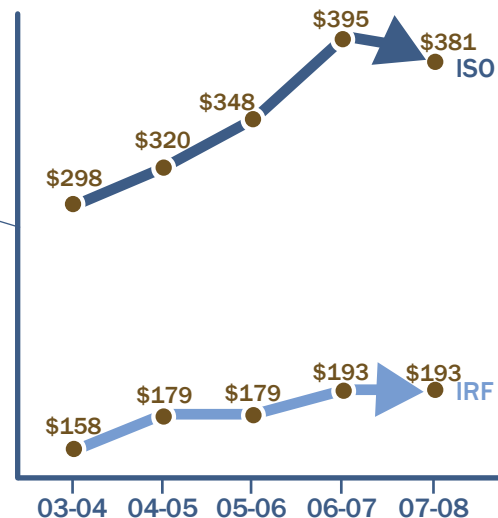
Effective July 1, 2008, the IRF issued a one-time, \$20 million return of premium for property, casualty and liability insurance to approximately 1,000 state and local entities. The return of premium represents approximately 11.5 percent of the IRF's available reserves. The fund also cut tort liability rates by 14.9 percent and automobile physical damage rates by 21.6 percent, which together will save agencies \$5.8 million annually.

The Insurance Reserve Fund regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical, actuarial, underwriting and claims data. The IRF's premiums listed in these charts continue to be well below industry averages.

Property Insurance Five Year Rate Comparison



General Tort Liability Insurance Five Year Rate Comparison





# Insurance Reserve Fund

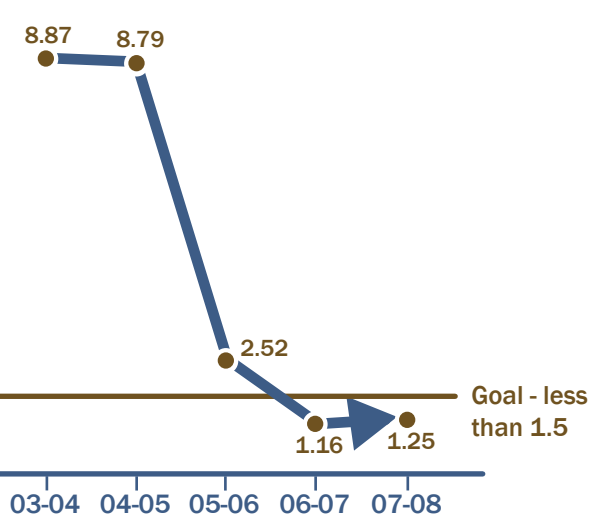
Automobile Liability Insurance Five Year Rate Comparison

The IRF regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical data. As shown by the chart at the right, the IRF's premiums continue to be well below industry averages.



Losses and LAE Reserves to Policyholder Equity

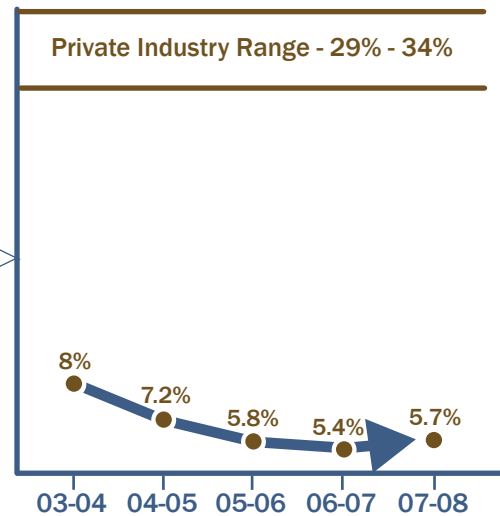
This ratio is used as a primary measure of financial strength. When the ratio is no higher than 1.5, assets are sufficient to pay all incurred and projected obligations. Recent improvements are due to premium increases and positive claims trends. The ratio is determined by an independent actuary who considered the risk exposure specific to the IRF. The cause of the increase in 2004 and 2005 was the temporary removal of funds that were later repaid.



# Insurance Reserve Fund

## Expense Ratio

The expense ratio for an insurance operation is calculated by dividing the operation's "operating expenses" by written premium. The Insurance Reserve Fund consistently operates with much lower expense ratios than private property and casualty insurance companies because it does not have marketing or profit expenses.



53

## IRF Coverage Protects Employees, Property Statewide



The Insurance Reserve Fund insures more than \$19.5 billion in property, 168,000 state and local government employees, 38,000 vehicles, including the state school bus fleet, 19 hospitals, and over 1,680 governmentally employed physicians and dentists.

Among the unique items the fund covers and the insured value are –

- Clemson's Death Valley Stadium – \$167,010,555
- USC's Williams-Brice Stadium – \$210,299,499
- Governor's Mansion – \$5,000,000
- State House – \$52,633,000
- Colonial Center – \$68,873,880
- Littlejohn Coliseum – \$50,685,000

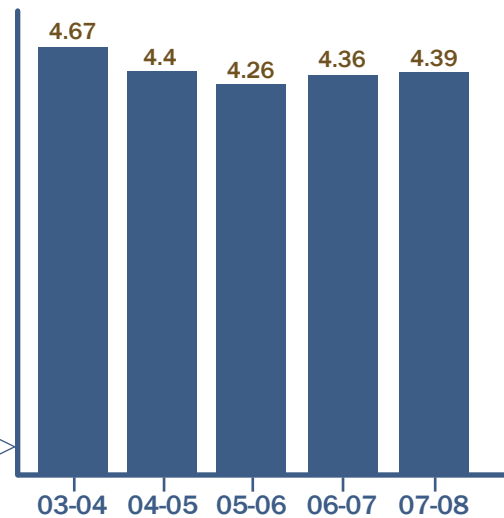
# Office of Human Resources

## OHR Again Ranks Among Nation's Best

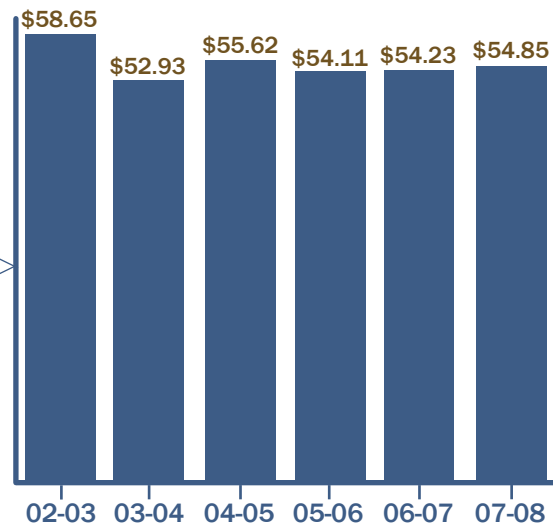
The Pew Center on the State's Grading the States 2008 gave South Carolina an A- for management of its state workforce – placing as one of the four best nationwide. The non-profit, non-partisan study which is conducted every three years said the Budget and Control Board's Office of Human Resources “sets a model for the rest of state agencies.”

OHR continues to record very strong customer satisfaction. A 5 indicates a strong positive response and a 1 indicates a strong negative response. The 2007-08 score of 4.39 marks the second year of an increase. In its customer satisfaction survey, OHR asks 30 questions to capture feedback in five broad areas concerning responsiveness, reliability, empathy, assurance and tangibles.

### Customer Satisfaction



### Cost Per State FTE Employee

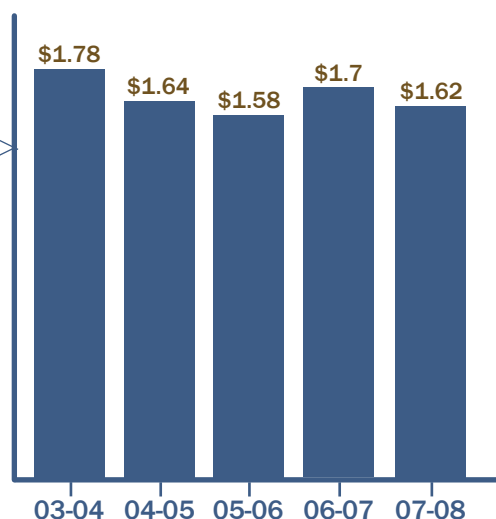


This measure demonstrates how much it costs OHR to serve all of state government by spreading its costs over all the FTEs in state agencies. The cost is lower than it was in 2002-03.

# Office of Human Resources

## Return on Investment

The Office of Human Resources continued to provide a very positive ROI in 2007-08. For every dollar spent on OHR services, the organization returned \$1.62. This figure is reached by comparing the cost of OHR's services with the federal General Services Administration's contract with a private vendor which has data on the cost of similar services for federal agencies.



See how OHR uses data to improve at <http://tinyurl.com/bcbohr>.

55

## Making the Grade

The Budget and Control Board's Office of Human Resources has again won top honors for leading one of the nation's best personnel systems, according to a national study of state governments.

The Pew Center on the State's Grading the States 2008 gave South Carolina an A- for management of its state workforce – placing as one of the four best nationwide. The non-profit, non-partisan study which is conducted every three years said OHR “sets a model for the rest of state agencies.”

The study noted South Carolina's thorough state workforce plan, good use of data and moderate turnover rate. The Pew Center also praised OHR Director Sam Wilkins for creating a weekly podcast for state agency HR directors. OHR's new online job recruitment system

was also cited as having potential to help agencies find candidates for hard-to-fill jobs. OHR's podcast program also received the National Association of State Personnel Executives' Audio/Visual Communication Award in July of 2008.

The report and 50 state summaries are available online at [www.pewcenteronthestates.org/gpp](http://www.pewcenteronthestates.org/gpp).





# Materials Management Office

## State Procurement Cuts Charges for Customers

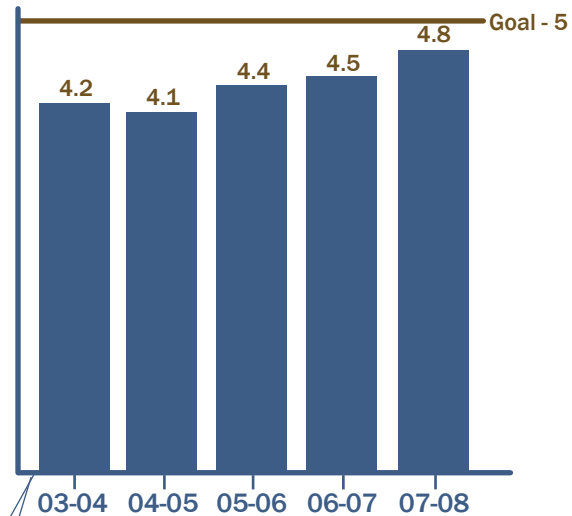
South Carolina has a two tiered procurement system. Agencies have direct authority to make purchases below a certain dollar threshold. Above that amount (which differs for each agency), procurements are conducted under the authority of one of the state's three central procurement offices: The Materials Management Office, which includes the Office of State Engineer and the Information Technology Management Office, which is part of the Board's Division of State Information Technology.

In 2007-08, the Materials Management Office awarded \$913 million in contracts for goods, services and construction. MMO cut the administrative fee on state term contracts from 1 percent to 0.75 percent and made subscription to the S.C. Business Opportunities newsletter free, saving money for companies seeking to do business with the state. The total annual savings for customers from these reductions is \$660,000.

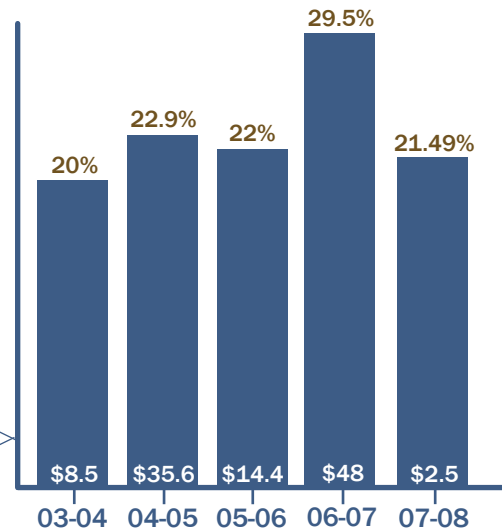
Customers are asked a variety of questions about the quality and dependability of MMO services. Answers are given on a 1 to 5 scale with 5 being "strongly agree" with a positive statement about an aspect of service and 1 representing "strongly disagree."

State term contracts allow businesses to offer their best prices for a good or service to all of state government for a fixed period of time. Agencies use these contracts on an as-needed basis. By pooling the state's buying power, state term contracts save agencies millions of dollars annually. Savings amounts may vary each year depending on the size of contracts that are renewed.

## Materials Management Office Customer Satisfaction



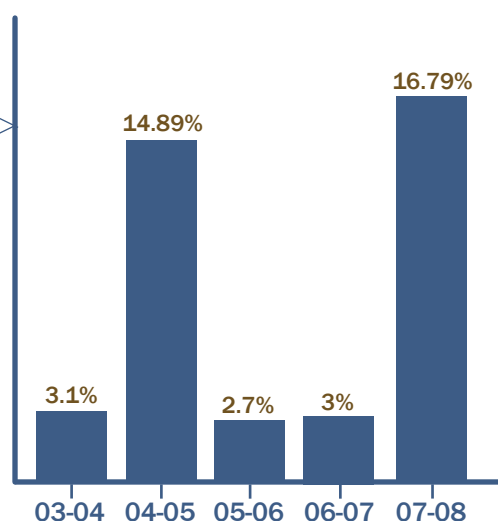
## Savings Via State Term Contract Process, in Millions



# Materials Management Office

The Materials Management Office frequently enters into negotiations with firms that have been initially selected as the winning firm in a state procurement. These *continuous* negotiations save procuring agencies millions of dollars each year. The amount saved fluctuates based on the size of individual contracts and overall state procurement activity. MMO aims to increase its success at the bargaining table by providing additional, intensive training in negotiation skills during the coming year. This step has been added as a best practice and is not a requirement of the procurement code.

Negotiated Savings and Percent Reduction from Original Bid



Find out how to do business  
with State Government at  
<http://tinyurl.com/mmopodcast>.

57

## Prepared for an emergency

With the implementation of a new program in February 2008, the Board's Materials Management Office is now able to use federal supply schedules to purchase products and services, such as portable generators, food supplies and fire fighting equipment, to be used to recover from any major disaster declared by the President.

Largely in reaction to Hurricane Katrina, this amendment enables South Carolina to maintain contracts with federal suppliers who can provide relief in a time of disaster when the resources cannot be obtained within the state.

By contacting and working with suppliers before a disaster, the purchasing of products will be quicker and smoother. This new program ensures set prices for items and protects from price gouging in case of an emergency.



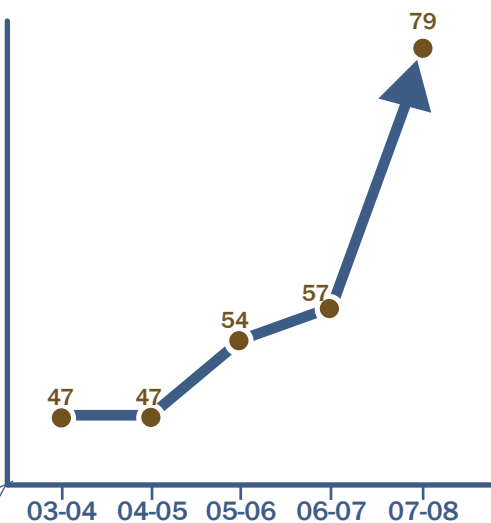
# Office of Research and Statistics

## Key Accomplishments During 2007-08

- Provided 340 House & Senate district maps for the General Assembly.
- Provided county registration officials with detailed copies of incorrect registered voters for all contested House and Senate district elections.
- The Geodetic Survey Section continued its project to resurvey the boundary with North Carolina. A new survey for a portion of the boundary was enacted into law and work was completed for a portion running from the Atlantic Ocean to the northeastern corner of Marlboro County. Research is continuing for a section from Tyron, N.C. to Lake Wylie.

The Health and Demographics Section of the Office of Research and Statistics does most of its work through contracts with agencies and non-profit organizations that desire to partner with the section's team of expert researchers. The unit added 22 new projects in 2007-08, an indication that organizations across the state are eager to partner with Health and Demographics for projects that aim to improve health outcomes and enhance the delivery of public and social services. Our goal is to use facts and data to help organizations make better decisions and enhance cost effectiveness.

## Health and Demographics Contracts, Grants and Partnerships as a Measure of Customer Loyalty



58

## Making a Healthy Connection



The Office of Research and Statistics is at the center of a unique partnership that is revolutionizing how health care professionals access information about their patients. The S.C. Health Information Exchange is a powerful “network of networks” that gives doctors instant access to patient information such as prescribed medications, previous diagnoses and treatments. The result: elimination of potential errors, a reduction in duplicative tests and a valuable diagnostic guide. To protect patient privacy, SCHIEEx uses the highest standards of Internet security. SCHIEEx was rolled out for the state’s 700,000 Medicaid patients July 1, 2008 and is looking to expand to other parts of South Carolina.

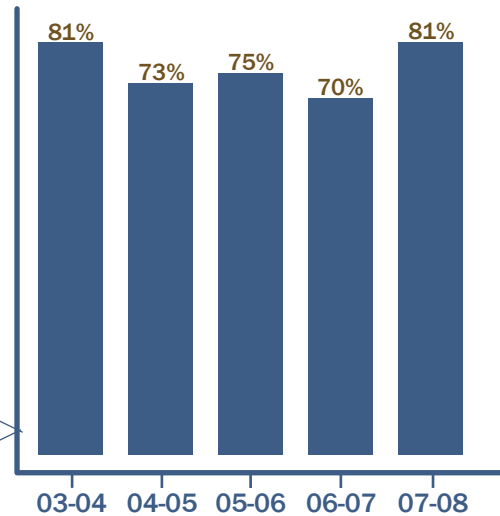
# Office of the State Budget

## Key Accomplishments for 2007-08

- Completed a comprehensive three-year financial outlook as required by Act 156 of 2005. This involved analyzing projections from all agencies receiving at least one percent of the State's General Fund Appropriations.
- Successfully deleted 463 vacant FTEs from the state system.
- Worked with the SCEIS team to integrate seventeen agencies that went "live" during FY 2007-08 into the process for making appropriation adjustments.

Fiscal Impact Statements outline the costs of proposed legislation. Prompt completion of these reports ensures that lawmakers have the information they need to make public policy decisions.

## Fiscal Impact Statements Prepared in 14 Days or Less



## Serving State Government

Created in April 2007, the Organizational Effectiveness and Accountability Team has a single goal: make government better. Garry Monjo and Suzie Rast make up this two person team in the Budget Office that assesses agency accountability reports and offers performance improvement consulting and training to state agencies.

With the national criteria for organizational performance excellence as their guide, Monjo and Rast analyze accountability reports to help provide budget subcommittee members an additional tool when reviewing agency budget requests.

The primary purpose of the assessment process is to help organizations identify, understand, and manage the factors that determine their success and to identify opportunities for *improvement*. An outsider

is often more able to take an objective look at a situation and offer suggestions for improvement.



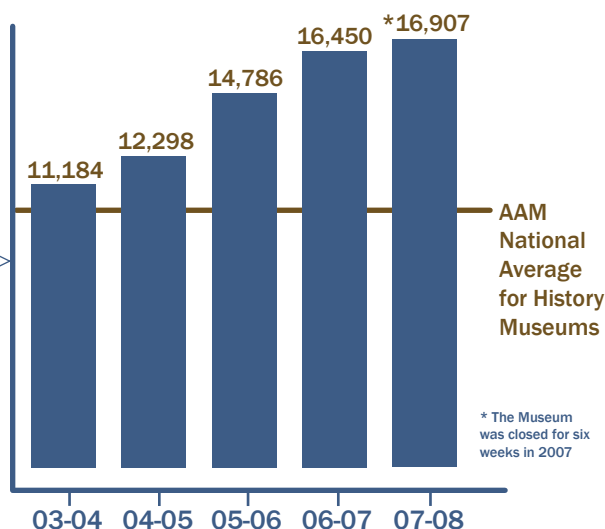


# Confederate Relic Room and Military Museum

## Military Museum Attendance Continues to Grow

The Board's Confederate Relic Room and Military Museum logged its fifth consecutive year of attendance growth despite being closed for six weeks in 2007 for construction. The nationally-accredited museum at 301 Gervais Street opened a new wing with an exhibit covering South Carolina's role in World War 1. The museum also acquired the Colin J. McRae Papers which reveal the story of the Confederacy's lifeline to England, the involvement of South Carolina's business community in financing the war effort, as well as the types and amounts of English goods that were reaching the Confederate soldiers on the battlefield.

## S.C. Confederate Relic Room and Military Museum Attendance



To see the latest videos from the museum go to [www.youtube.com/sccrrmm](http://www.youtube.com/sccrrmm).

60

## Museum, Board Launch YouTube Video Sites

Millions of people each day watch videos on YouTube – and now the Board and its Confederate Relic Room and Military Museum are part of the action.

In the spring of 2008, separate channels for the Board and museum were launched on the fast-growing Internet video site. The goal has been to give Board employees and fans of S.C. military history a unique look at each organization. Board videos feature behind-the-scenes looks at BCB units in keeping with the ongoing effort to help agency employees gain a better understanding of what other parts of the organization do.

Museum videos feature staff members discussing exhibits and artifacts that are not currently on display such as rare Civil War weapons and documents. As of August 2008, the 37 videos posted on the channels had been viewed nearly 7,000 times.



